2014 ANNUAL REPORT

PARINGA RESOURCES LIMITED

ABN 44 155 933 010

CORPORATE DIRECTORY

DIRECTORS:

Mr Ian Middlemas – Chairman

Mr Anastasios Arima – Executive Director

Mr David Chapman – Non-Executive Director

Mr David Griffiths – Non-Executive Director

Mr Todd Hannigan – Non-Executive Director

Mr Thomas Todd – Alternate Director for Todd Hannigan

COMPANY SECRETARY:

Mr Gregory Swan

REGISTERED OFFICE:

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STOCK EXCHANGE LISTING:

Australian Securities Exchange

ASX Code: PNL – Ordinary Shares

SHARE REGISTRY:

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BANKERS:

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Banking Group Ltd

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Perth WA 6000

AUDITOR:

Deloitte Touche Tohmatsu

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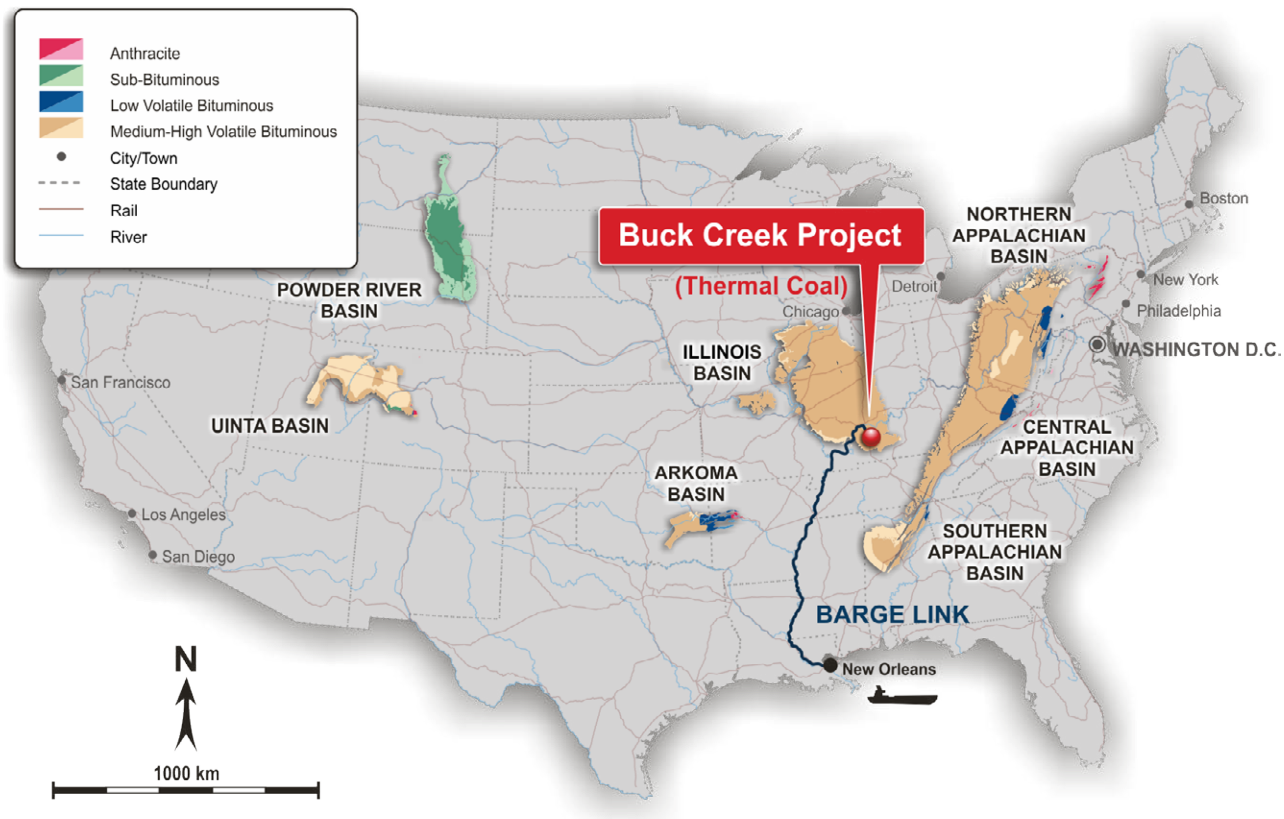
COMPANY OVERVIEW

Paringa Resources Limited ('Paringa' or 'Company') is an emerging USA coal company focused on developing its Buck Creek Coal Project ('Buck Creek' or 'Project'), a high margin, low capex coal project located in the growing Illinois Coal Basin ('Illinois Basin') in Kentucky, USA.

- Maiden Coal Resource estimate of 154 million tons (~140 million tonnes) for Buck Creek.
- Positive Scoping Study on Buck Creek confirmed potential of the Project to be developed as a high margin, low cost mine, with highlights as follows:
    - Low opex: US$28/ton
    - High margins: US$18/ton
    - Strong cashflows: US$88 million
    - Low capex: US$109 million
- Additional leasing and first mine development to provide the potential for an additional mine within the Buck Creek area of interest.
- Established barge, rail and road infrastructure and direct low cost barge access to the lucrative Ohio River market, with optionality to export from the Gulf of Mexico.
- Key mine permitting completed, including SMCRA and USACE Section 404 permits.
- Growing USA domestic market for Illinois Basin coal, with Illinois Basin now the second largest and the fastest growing coal basin in the USA.
- Experienced USA management team with large company coal mining experience in the Illinois Basin.
- High quality Board with coal mining experience covering the entire coal development cycle.
- Strong cash position of ~A$7.9 million (at 30 September 2014).
- Pre-Feasibility Study commenced and mine construction expected to begin in 2015.



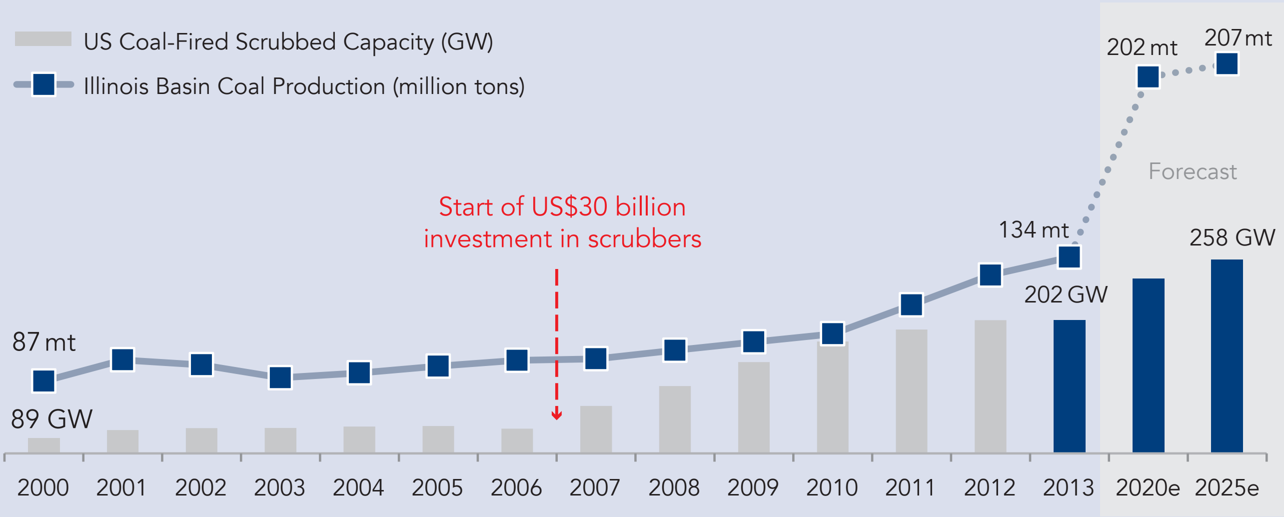
HIGH MARGIN ILLINOIS BASIN

The Illinois Basin is now the second largest and the fastest growing coal basin in the US with production forecast to increase from 128 million tons in 2012 to over 200 million tons by 2020.

The Illinois Basin is experiencing a period of high growth as it continues to be a region with the potential for low cost development, high margins and sits in the lowest cost quartiles of US production. It has not seen the difficult economic conditions which have affected other historical coal producing regions within the USA given the increased natural gas production from shale gas plays within the USA.

Coal output within the Illinios Basin rose by almost 5% during 2012 to 2013 and has surpassed both the Northern Appalachia ('NAPP') and Central Appalachia ('CAPP') production for the first time. The Illinios Basin is now the second largest producing coal basin within the USA.

Growth in demand for Illinios Basin coal is underpinned by the growth in "scrubbed" US power capacity. The installation of "scrubbers" remove up to 97% S02 and other emissions such as mercury, resulting in the higher sulphur content of Illinios Basin coals no longer being the critical factor in fuel selection. By 2025, the entire US coal fired power plant fleet will be fee to burn the cheaper Illinios Basin coal on a delivered basis.



Source: EIA, Wood Mackenzie (Nov13)

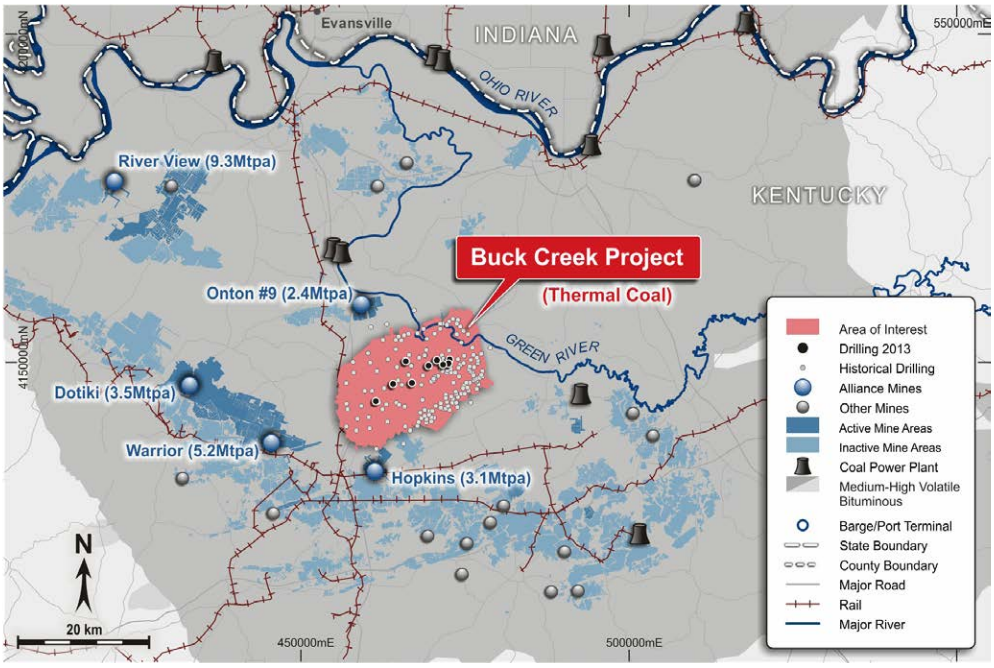
BUCK CREEK PROJECT

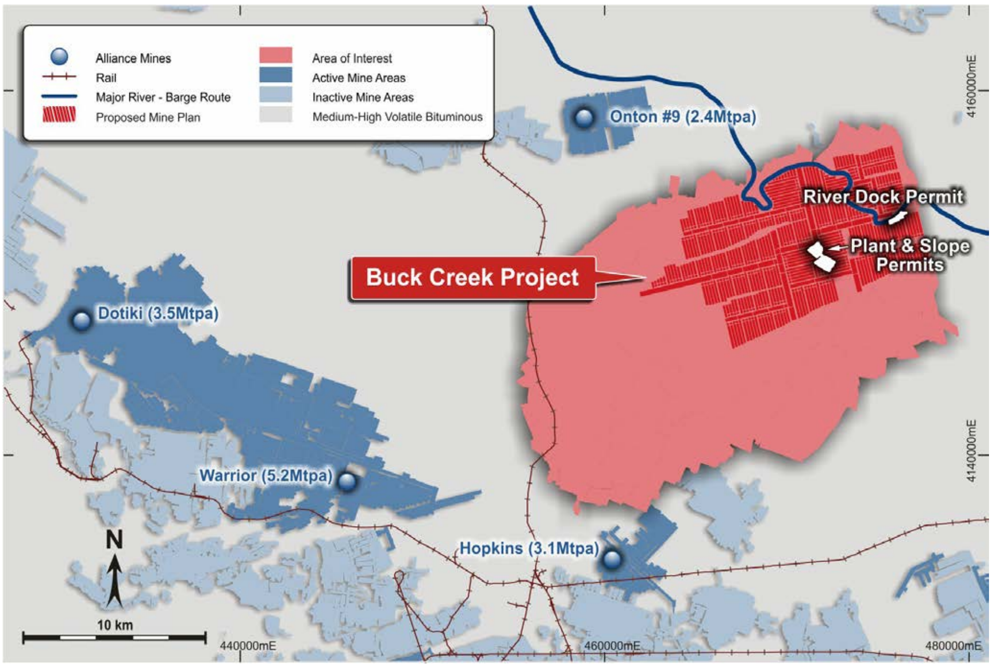
The Buck Creek Project is one of the last remaining large-scale undeveloped coal deposits in the Illinois Basin with direct low cost barge access to the Ohio River coal market that is not controlled by a major coal producer.

Buck Creek has direct low cost barge access to the lucrative Ohio River market and provides optionality to export from the Gulf of Mexico.

Buck Creek is located in the heartland of the Illinois Basin coal mining region with established barge, road and rail infrastructure, proximity to highly skilled population centers and established mining equipment and service industries.

Paringa holds 100% of the Project and has secured a large undeveloped position (+26,000 acres) in the Illinois Basin and is continuing to acquire leases to substantially increase the high energy, high quality and low chlorine resource base.





HIGH QUALITY RESOURCE

Buck Creek's maiden Coal Resource confirms the potential to develop a large, high quality thermal coal deposit in the low cost and highly productive Illinois Basin.

Resource estimate of 154 million tons (~140 million tonnes) defined at Buck Creek with over 88% in the Measured & Indicated categories.

Entire Coal Resource is contained in a single, flat, and laterally continuous coal seam known as the Western Kentucky No.9 coal seam ('WK No.9 seam'), which is the second largest producer of coal in the USA.

Maiden Coal Resource estimate is based on 163 bore holes on over 26,000 acres of controlled coal leases. Paringa is continuing to acquire leases and conduct its exploration program with the potential to substantially increase the resource base.

Excellent Illinois Basin coal quality with high heating value (6,564kcal/kg), low ash (8.7%) and low chlorine (0.16%) at a very high in-seam yield of +92%.

One of the most important characteristics to be considered in the Illinois Basin is the chlorine content. Buck Creek's chlorine content is a relatively low 0.16% and thus has a significant advantage over many other new developments in the Illinois Basin which typically have values exceeding 0.3%.

Buck Creek Project Coal Resources	
Measured	32.1 Mt
Indicated	104.8 Mt
Total Measured & Indicated	**136.9 Mt**
Inferred	17.5 Mt
Total	**154.4 Mt**

Buck Creek Project Coal Quality (+4% Eq. Moisture)	
Calorific Value	**6,564 kcal/kg (11,814 Btu/lb)**
Ash	**8.7%**
Yield - In Seam from Core Analyses	**92.9%**

POSITIVE SCOPING STUDY

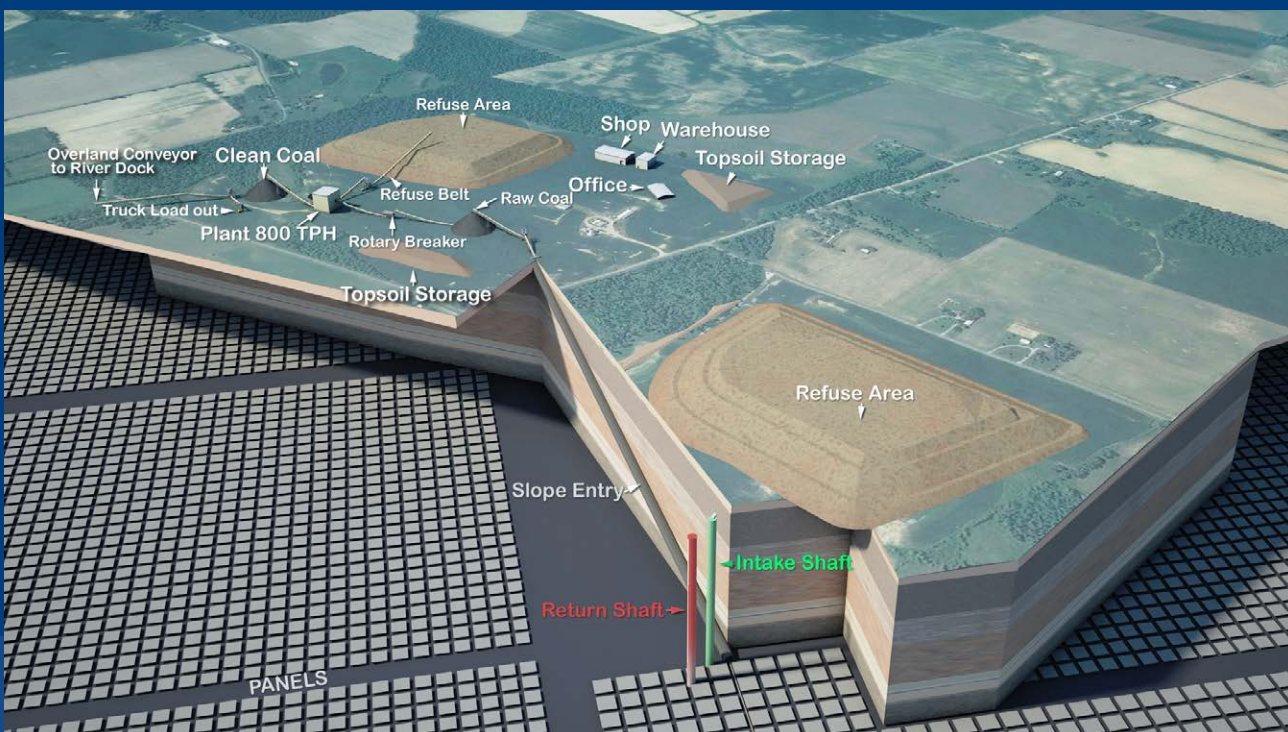
Positive Scoping Study has confirmed potential of Buck Creek to be developed as a high margin, low cost mine in the growing Illinois Basin.

Buck Creek Production (tons)	
Average Run-of-Mine ('ROM') Coal Production Steady State	4.7 Mtpa
Total ROM Coal Produced Life-of-Mine	66.9 million
Coal Handling & Preparation Plant ('CHPP') Yield	71%
Life-of-Mine ('LOM')	16.0 years
Average Clean Coal Production Steady State	3.4 Mtpa
Total Clean Coal Produced LOM	47.7 million
Start of Construction	Late-2015
Start of Production Ramp-Up	Mid-2017

Average Annual Operating Costs (Steady State)	
Labour Costs	US$7.1/t
Operating & Maintenance	US$12.7/t
Power & Utilities	US$1.0/t
Mine General Administration	US$0.1/t
Leased Equipment	US$2.4/t
Sub-total Direct Mining Costs	**US$23.3/t**
CHPP	US$4.1/t
Other	US$1.0/t
Average Annual Operating Costs	**US$28.4/t**

Buck Creek Initial Capital Costs	
Mine Site Development and Infrastructure	US$76 million
CHPP & Barge Load-Out Facility	US$33 million
Total Initial Capital Cost	**US$109 million**

Buck Creek Cashflows	
Average Sales Price Received (per ton) - 2015	US$51/t
Average Sales Price Received (per ton) - 2030	US$58/t
Average Annual Operating Costs (steady state)	US$28 per ton
Average Annual Operating Cashflow (steady state)	US$88 million



LUCRATIVE DOMESTIC MARKET

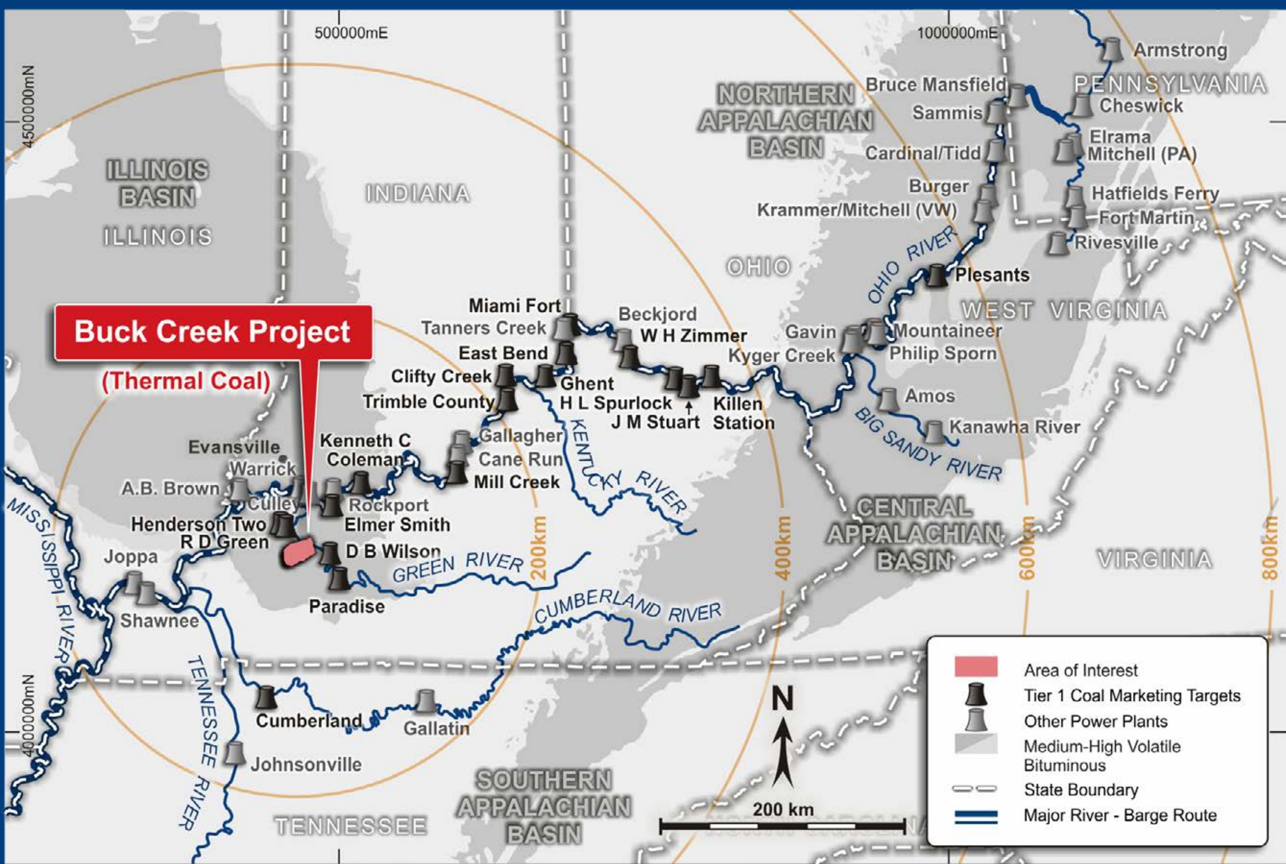
Buck Creek Project has direct low cost barge access to the lucrative Ohio River market, traditionally supplied by the Illinois Basin, and provides optionality to export from the Gulf of Mexico.

The initial target market for Buck Creek's coal is the Ohio River market consisting of large, scrubbed domestic power plants currently receiving Illinois Basin coal by barge along the Green, Ohio and Cumberland rivers.

Access to Illinois Basin river coal provides a significant cost advantage for coal fired power plants. The delivered cost of coal transportation via barge using the major waterways in the US (e.g. Ohio River) is significantly lower than the delivered cost of transporting coal via rail.

Within the Ohio River market surrounding the Buck Creek Project, there are over 18 power plants operated by 10 different utilities that have traditionally received product similar to Buck Creek's coal. These plants are relatively modern, highly efficient base load power plants and have some of the lowest fuel costs in the country, averaging ~US$2.40/mmbtu. When compared to long term forecasts of gas prices of US$4.50 to US$5.0/mmbtu, coal sourced from the Illinois Basin should continue to remain competitive compared to natural gas.

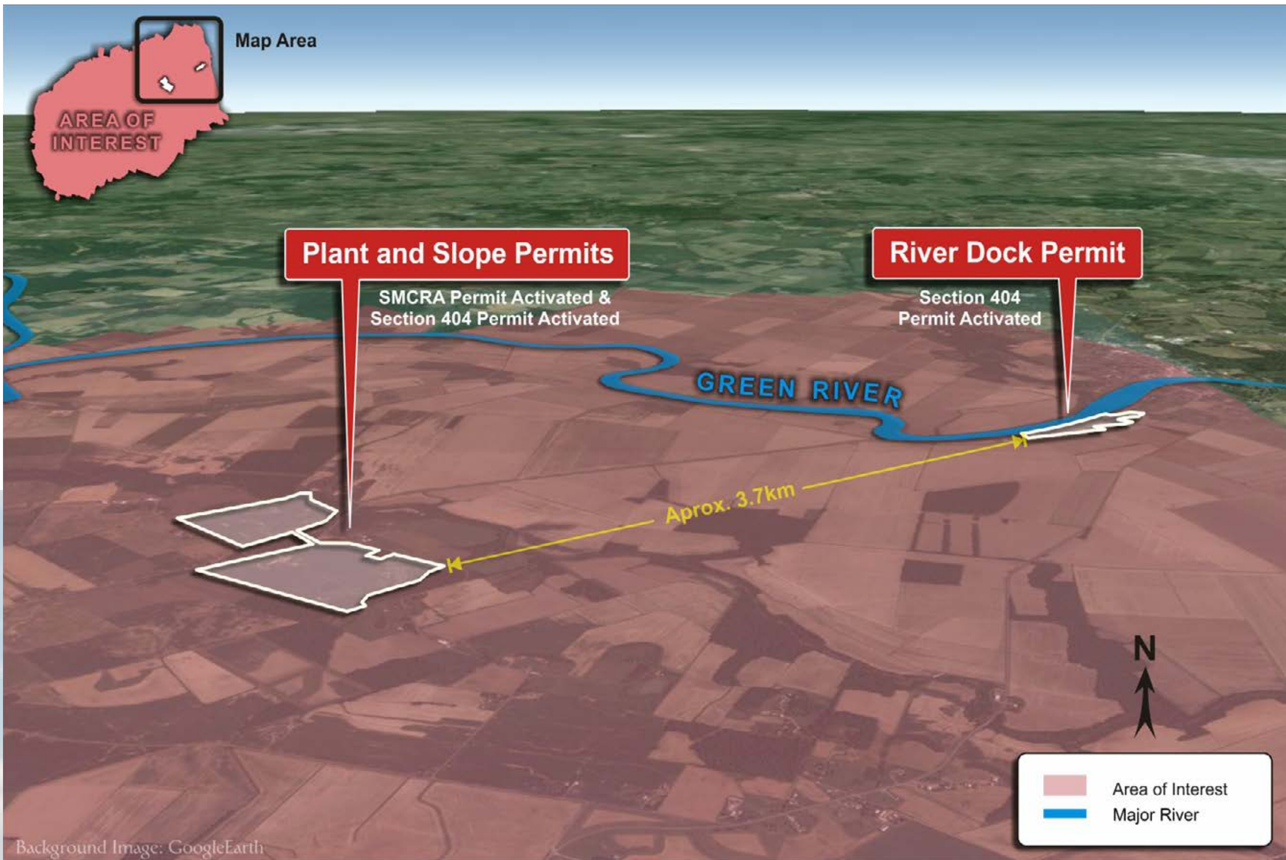
Feedback from initial discussions between Paringa and local power utilities accepting Illinois Basin coal within Ohio River Market confirms that there is demand for new independent sources of coal in the Ohio River Market to increase the diversity of local supply.

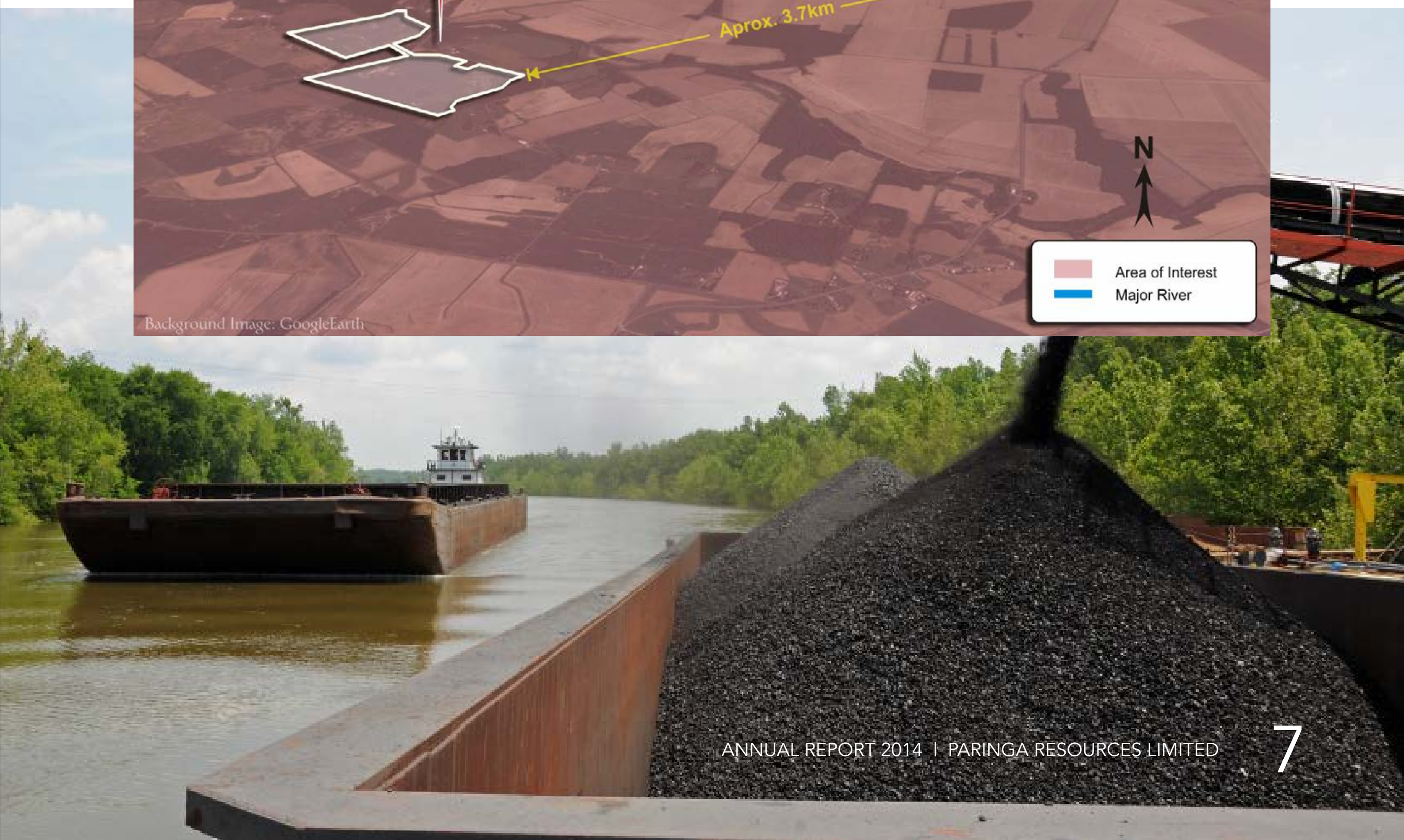


KEY PERMITTING COMPLETED

Recently granted SMCRA permit, together with the previously granted USACE Section 404 permit, completes the key permitting required to construct and operate the Buck Creek mine.

- Surface Mine Control and Reclamation Act ('SMCRA') mine permit has been granted to Paringa for the construction of surface mine facilities at Buck Creek.
- SMCRA is the primary federal law that regulates the environmental effects of coal mining in the US, and the SMCRA mine permit is valid for the life of the mine.
- Culmination of over 3 years of permitting which was initiated by Buck Creek's original owners in 2011 and continued by Paringa's USA management team.





ANNUAL FINANCIAL REPORT

PARINGA RESOURCES LIMITED

DIRECTORS' REPORT

The Directors of Paringa Resources Limited present their report on the Consolidated Entity consisting of Paringa Resources Limited ("**Company**" or "**Paringa**") and the entities it controlled at the end of, or during, the year ended 30 June 2014 ("**Consolidated Entity**" or "**Group**").

DIRECTORS

The names and details of the Group's Directors in office at any time during the financial year or since the end of the financial year are:

Mr Ian Middlemas	Chairman (appointed 16 October 2013)
Mr Anastasios (Taso) Arima	Executive Director (appointed 16 October 2013)
Mr David Chapman	Non-Executive Director (Executive Director until 30 June 2014)
Mr David Griffiths	Non-Executive Director
Mr Todd Hannigan	Non-Executive Director (appointed 21 May 2014)
Mr Thomas (Tom) Todd	Alternate Director for Mr Todd Hannigan (appointed 21 May 2014)
Mr Luis Azevedo	Non-Executive Director (resigned 16 October 2013)

Unless otherwise stated, Directors held their office from 1 July 2013 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Mr Ian Middlemas *B.Com, CA*
Chairman

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a Director with a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director of the Company on 16 October 2013. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Berkeley Resources Limited (April 2012 – present), Prairie Mining Limited (August 2011 – present), Papillon Resources Limited (May 2011 – present), Pacific Ore Limited (April 2010 – present), Wildhorse Energy Limited (January 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Sierra Mining Limited (January 2006 – June 2014), Decimal Software Limited (July 2013 – April 2014), Global Petroleum Limited (April 2007 – December 2011) and Coalspur Mines Limited (March 2007 – October 2011).

Mr Anastasios (Taso) Arima
Executive Director

Mr Arima was a founder and former Executive Director of Coalspur Mines Limited ("Coalspur"), having been instrumental in the identification and acquisition of Coalspur's coal projects, as well as the corporate strategy and marketing of the company. At the time of his resignation from the Board, Coalspur's fully diluted market capitalisation was approximately A$1.2 billion. Mr Arima has previously worked in the hydrocarbon division at WorleyParsons Limited, and was also an analyst for an investment banking firm, where he specialised in the technical and financial requirements of bulk commodity and other resource projects.

Mr Arima was appointed a Director of the Company on 16 October 2013. During the three year period to the end of the financial year, Mr Arima held directorships in Coalspur Mines Limited (June 2009 – May 2011) and Prairie Mining Limited (September 2012 – present).

DIRECTORS' REPORT (Continued)

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr David Griffiths *B. Bus*
Non-Executive Director

Mr Griffiths is a co-founder and Non-Executive Director of Silver Lake Resources Limited. A graduate from Curtin university, Mr Griffiths has held a number of senior management roles during his more than thirty years in the resources industry, including strategic communications experience developing from an initial focus on human resources and employee relations to broader, group-wide strategic roles. Mr Griffiths has worked with Rio Tinto, Worsley Alumina, Metana Minerals and WMC Resources where he held the roles of Group Manager Employee Relations and General Manager Corporate Affairs and Community Relations for ten years before leaving to establish communications strategy and public relations company Gryphon Management Australia Pty Ltd in 2004.

Mr Griffiths was appointed a Director of the Company on 7 September 2012. During the three year period to the end of the financial year, Mr Griffiths held directorships in Silver Lake Resources Limited (May 2007 – present) and Philips River Mining Limited (July 2012 – March 2014).

Mr David Chapman *BSc (Hons), MAUSIMM*
Non-Executive Director

Mr Chapman brings over thirty years resource industry experience as a geologist in senior and executive management roles with WMC Resources Ltd and the junior sector within Australia and overseas. His experience covers operations, exploration project management and construction, business development and project financing. Mr Chapman has spent about half of his professional career on exploration and project development in Brazil and is a fluent Portuguese speaker. He was a Director of WMC Resources Brazil office from 1991 to 2000 where he was responsible for exploration programs for gold and base metals throughout Brazil and French Guiana. More recently he was involved in the financing and construction of a significant base metal operation in Brazil. Through these activities he has developed a strong industry network within Brazil and South America.

Mr Chapman was appointed a Director of the Company on 7 September 2012. During the three year period to the end of the financial year, Mr Chapman held a directorship in Erin Resources Limited (March 2011 – September 2012).

Mr Todd Hannigan *B. Eng (Hons)*
Non-Executive Director

Mr Hannigan was the Chief Executive Officer of Aston Resources from 2010 to 2011. During this time, the company significantly progressed the Maules Creek project, including upgrades to the project's resources and reserves, completion of all technical and design work for the Definitive Feasibility Study, negotiation of two major project stake sales and joint venture agreements, securement of port and rail access and progression of planning approvals to final stages. Mr Hannigan has worked internationally in the mining and resources sector for over 18 years with Aston Resources, Xstrata Coal, Hanson PLC, BHP Billiton and MIM.

Mr Hannigan was appointed a Director of the Company on 21 May 2014. During the three year period to the end of the financial year, Mr Hannigan held directorships in Prairie Mining Limited (September 2014 – present), and Aston Resources Limited (January 2010 – November 2011).

Mr Thomas (Tom) Todd *BSc (Hons), CA*
Alternate Director for Mr Todd Hannigan

Mr Todd was the Chief Financial Officer of Aston Resources from 2009 to November 2011. Prior to Aston Resources, Mr Todd was Chief Financial Officer of Custom Mining, where his experience included project acquisition and funding of project development for the Middlemount project to the sale of the company to Macarthur Coal. A graduate of Imperial College, Mr Todd holds a Bachelor of Physics with first class Honours. He is a member of The Institute of Chartered Accountants in England and Wales and a graduate of the Australian Institute of Company Directors.

Mr Todd was appointed as alternate Director for Mr Todd Hannigan on 21 May 2014. During the three year period to the end of the financial year, Mr Todd held directorships in Prairie Mining Limited (September 2014 – present), and Aston Resources Limited (November 2009 – November 2011).

Mr Gregory Swan *B. Com, CA, ACIS, AFin*
Company Secretary

Mr Swan is a member of the Institute of Chartered Accountants and Institute of Chartered Secretaries. He commenced his career with a large international chartered accounting firm and has since worked in the corporate office of several listed companies that operate in the resources sector. He has been involved with a number of exploration and development companies, including Mantra Resources Limited, Coalspur Mines Limited, Equatorial Resources Limited, and Papillon Resources Limited.

Mr Swan was appointed Company Secretary of the Company on 25 November 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year consisted of the exploration and development of resource projects. No significant change in the nature of these activities occurred during the year.

OPERATING AND FINANCIAL REVIEW

Operations

During the year, the Company completed its acquisition of Hartshorne Coal Mining Limited ("**Hartshorne**") which holds the Buck Creek Coal Project ("**Buck Creek Project**"), an advanced coal project located in the Western Kentucky region of the Illinois Coal Basin ("**ILB**") which is one of the most prolific coal producing regions in the USA.

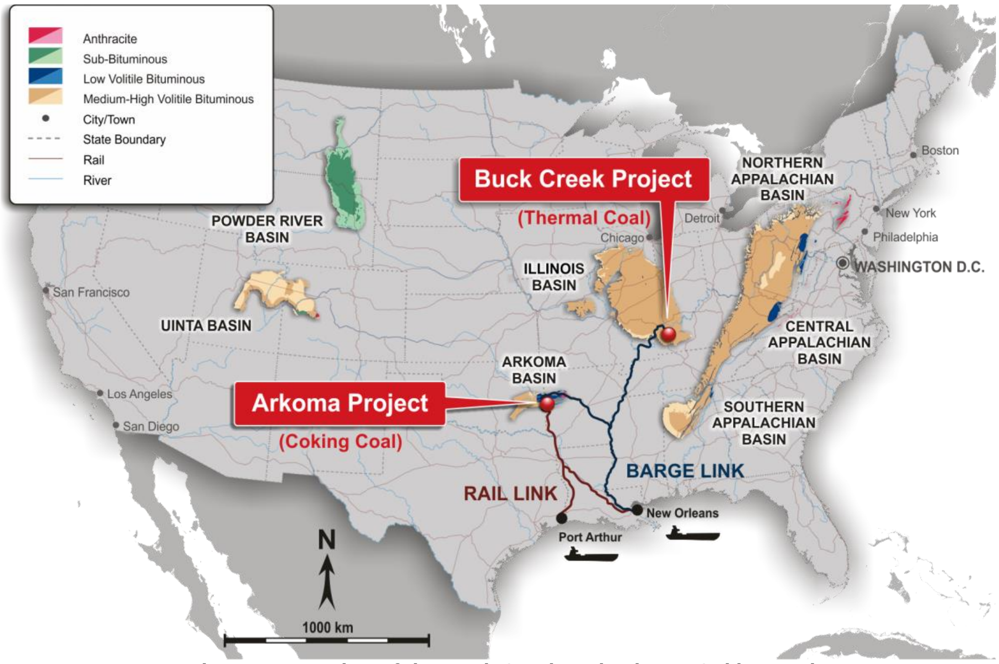


Figure 1: Location of the Buck Creek and Arkoma Coking Projects

Highlights during, and subsequent to, the financial year end include:

(i) Completion of the acquisition of Hartshorne which holds the Buck Creek Project, an advanced coal project located in the ILB in Kentucky;

(ii) Delineation of a Maiden Coal Resource Estimate ("**CRE**") of 154 million tons (~140 million tonnes) at the Buck Creek Project with over 88% in the Measured & Indicated categories;

(iii) Completion of a positive Scoping Study which confirmed the potential of the Buck Creek Project to be developed as a high margin, low cost mine in the growing ILB;

(iv) Granted a Surface Mine Control and Reclamation Act ("**SMCRA**") mine permit and a US Army Corps of Engineers Section 404 permit for the construction of mine facilities at the Buck Creek Project;

DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

(v) Commencement of a Pre-Feasibility Study ("**PFS**") for the Buck Creek Project to build on the strong project fundamentals and low development cost highlighted in the Scoping Study;

(vi) Completion of a core hole drilling program at the Buck Creek Project, which confirmed that the Western Kentucky No.9 ("**WK No.9**") seam is a flat and laterally consistent coal seam;

(vii) Coal quality results confirmed the Buck Creek Project to be an attractive ILB product that is highly suitable for domestic and seaborne markets;

(viii) Commencement of a marketing strategy with the expanding domestic scrubbed coal-fired power market in preparation of the Company potentially entering into formal coal sales contracts;

(ix) Appointment of Mr Ian Middlemas as Chairman, Mr Taso Arima as Executive Director, Mr Todd Hannigan as Non-Executive Director, and Mr Thomas Todd as alternate Director of Paringa;

(x) Appointment of Mr David Gay, as Chief Executive Officer of the Company. Mr Gay was most recently head of mergers and acquisitions for Alpha Natural Resources, a major US coal producer;

(xi) Appointment of senior management, including Mr Matthew Haaga as Chief Operating Officer, Mr James Plaisted as Vice President Coal Sales and Marketing, and Mr Rick Kim as General Manager; and

(xii) Completed, on 29 July 2014, a placement of 12.5 million shares to institutional and sophisticated investors in Australia and North America at an issue price of A$0.40 each to raise gross proceeds of A$5.0 million.

Buck Creek Project

The Buck Creek Project is located in the Western Kentucky region of the ILB which is one of the largest and lowest cost coal producing regions in the USA. Paringa controls over 26,000 gross acres (~10,500 ha) of coal leases within an area of interest of approximately 72,000 acres (~28,000 ha).

The Buck Creek Project has a CRE of 154 million tons (~140 million tonnes) of high quality thermal coal with over 88% in the Measured & Indicated categories. The Buck Creek Project is one of the few remaining high quality thermal coal projects within the WK No.9 Seam that is not controlled by one of the major USA coal companies and offers one of the highest quality, highest heating value products in the ILB.

Buck Creek Project – Coal Resource Estimate (WK No.9 Seam)				
Measured (Mt)	Indicated (Mt)	**Total Measured and Indicated (Mt)**	Inferred (Mt)	**Total (Mt)**
32.1	104.8	**136.9**	17.5	**154.4**

Buck Creek Project – Coal Quality (+4% Eq. Moisture)	
Calorific Value	**6,564 kcal/kg (11,814 Btu/lb)**
Ash	**8.7%**
Yield – In Seam from Core Analyses	**92.3%**

The Buck Creek Project is located adjacent to the Green River which provides year round access to the Ohio and Mississippi rivers systems which feed domestic coal-fired power plants and coastal export coal terminals in the Gulf of Mexico.

Scoping Study

In March 2014, the Company completed a Scoping Study on the Buck Creek Project which was prepared by Cardno MM&A ("**Cardno MM&A**"), with input from local experts. The study was prepared in accordance with JORC Code 2012 Edition and the requirements for a Preliminary Economic Assessment report in accordance with NI 43-101. The Scoping Study has been conducted on the north eastern quadrant of the Company's Buck Creek Project located in the low cost and proven ILB in Kentucky, USA.

Utilising the Buck Creek Project's current CRE of 154 million tons of coal, the Buck Creek Project can support production of 4.7 million tons per annum ("**Mtpa**") Run-of-Mine ("**ROM**") coal yielding approximately 3.4Mtpa of saleable clean coal at steady state production.

The Buck Creek Project's fundamentals from this initial development are extremely encouraging with average annual operating cash costs during steady state production of US$28/ton Free-On-Board Barge ("**FOB Barge**"), inclusive of leased equipment costs and exclusive of royalties and severance taxes, and the potential to achieve average annual pre-tax operating cashflows during steady state of production of US$88 million per annum.

The Buck Creek Project is located in a well serviced and infrastructure advantaged coal region in the US, offering the potential for a low operating and capital cost environment. The surface and underground mine site infrastructure development capital cost is approximately US$76 million and the capital cost of the 800 tons per hour ("**tph**") wash plant, barge load-out and surface facilities is approximately US$33 million. The total initial capital cost to develop the Buck Creek mine is approximately US$109 million, which does not include mobile mining equipment as it is assumed that this will be leased as is common for underground coal mines in the region.

Key results of the Scoping Study were as follows:

Buck Creek Project – Strong Project Fundamentals	
Initial Capital Costs	
Mine Site Development and Infrastructure	US$76 million
Coal Handling & Preparation Plant ("**CHPP**") & Barge Load-Out Facility	US$33 million
Total Initial Capital Cost	**US$109 million**
Production (tons)	
Average ROM Coal Production Steady State	4.7 Mtpa
Total ROM Coal Produced Life-of-Mine ("**LOM**")	66.9 million
CHPP Yield	71%
Life of Mine	16.0 years
Average Clean Coal Production Steady State	3.4 Mtpa
Total Clean Coal Produced LOM	47.7 million
Start of Construction	Late 2015
Start of Production Ramp-Up	Mid-2017
Cashflow	
Average Sales Price Received (per ton) - 2015	US$51/t
Average Sales Price Received (per ton) - 2030	US$58/t
Average Annual Operating Costs (steady state)	US$28 per ton
Average Annual Operating Cashflow (steady state)	US$88 million

Pre-Feasibility Study

Following the successful completion of the Scoping Study for the Buck Creek Project in March 2014, Paringa commenced a PFS for the Buck Creek Project during the quarter with the aim to begin mine construction in 2015. The Company has appointed Mr Rick Kim as General Manager to manage the PFS. Mr Kim is an experienced coal operator having managed mines for Arch Coal Inc and Massey Energy and complements a very strong credentialed and experienced US management.

Paringa has re-appointed Cardno MM&A as lead consulting engineer for the PFS. Cardno MM&A has over 38 years of expertise in mining engineering, mine reserve evaluation, feasibility studies and due diligence services for mining and resource projects globally, and is a subsidiary of Cardno Limited, an ASX-200 professional infrastructure and mining services company.

DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Bull Creek Project (Continued)

Permitting

During the year, the Company was granted a SMCRA mine permit for the construction of surface mine facilities at the Buck Creek Project. SMCRA is the primary federal law that regulates the environmental effects of coal mining in the USA, and the SMCRA mine permit is valid for the life of the mine.

Receipt of the SMCRA permit, together with the previously granted US Army Corps of Engineers ("USACE") Section 404 permit, completes the long lead-time permits required to construct and operate the Buck Creek mine.

The Company already has option agreements to acquire the surface rights to allow for construction of the mine site surface facilities. Importantly, the SMCRA permit provides flexibility for any future improvements identified as part of the Company's ongoing technical studies in relation to mine size, production rates, mine life, and site layout

As the development of the Buck Creek Project progresses, the Company will submit the remaining routine permits (including air permit, MSHA permit and state mine licence) to be approved prior to the construction of the mine by late-2015 and production by mid-2017.

Coal Marketing

During the year, the Company appointed Mr James Plaisted as Vice President Coal Sales and Marketing and will be based at the Company's Evansville office (Indiana, US). Mr Plaisted will be responsible for the marketing and sale of coal produced from the Buck Creek Project. Mr Plaisted has begun discussions with the expanding domestic scrubbed coal-fired power market in preparation of Paringa potentially entering into formal coal sales contracts in the lead-up to discussions with potential financiers and start of mine construction.

Other Projects

The Company has secured over 14,000 gross acres (~5,600 ha) of coal leases in the Arkoma Coal Basin in Arkansas, USA ("**Arkoma Coking Project**"). Regional mapping and analysis of past coal production in the Arkoma basin led to the definition of this high value coking coal target area. Preliminary coal quality testing confirms low volatile hard coking coal with low ash and low sulfur contents which is highly desirable in the global coking coal markets.

The Company holds a number exploration licences (granted licences and applications) in Brazil targeting gold and graphite ("**Brazil Gold and Graphite Projects**"). During the year, Paringa completed a reconnaissance stream sediment geochemical sampling program on certain of the gold licences, however the results did not return any significant intercepts. Paringa has also commenced preliminary metallurgical test work on certain of the graphite licences with results expected to be released in the coming months.

Results of Operations

The net loss of the Consolidated Entity for the year ended 30 June 2014 was $4,159,099 (2013 restated: net loss of $1,868,608). This loss is mainly attributable to:

(i) Exploration and evaluation expenses of $2,239,040 (2013 restated: $1,207,593) which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of the rights to explore and up to the successful completion of definitive feasibility studies for each separate area of interest;

(ii) Non-cash share-based payment expenses of $581,941 (2013 restated: nil) which is attributable to the Group's accounting policy of expensing the value (estimated using an option pricing model) of Incentive Options and Performance Rights granted to key employees and consultants. The value is measured at grant date and recognised over the period during which the option and rights holders become unconditionally entitled to the options and/or rights; and

(iii) Business development expenses of $464,872 (2013 restated: $75,069) which is attributable to additional business development and investor relations activities required to support the growth and development of the Buck Creek Project in 2014, including travel costs associated with representing the Company at international conferences and investor meetings.

Financial Position

At the date of this report, the Company has cash reserves of approximately A$8.0 million following the completion of a placement to institutional and sophisticated investors in Australia and North America which raised gross proceeds of A$5.0 million subsequent to year end. At 30 June 2014, the Company had cash reserves of $4.5 million (2013 restated: $8.0 million) and no debt. The Company is in a strong financial position to conduct its current and planned exploration and development activities.

At 30 June 2014, the Company had net assets of $19.0 million (2013 restated: $8.3 million), an increase of 128% compared with the previous year. This is largely attributable to:

(i) An increase in exploration and evaluation assets from $0.2 million in 2013 to $15.6 million in 2014 due to the acquisition of Hartshorne which holds the Buck Creek Project. The total cost of the acquisition was $13.5 million, which has been allocated to exploration and evaluation assets ($15.4 million) and other net liabilities ($1.9 million); and

(ii) An decrease in cash and cash equivalents from $8.0 million to $4.5 million primarily due to funds used during the year in relation to operating activities of $3.6 million relating to exploration, employment, administration, corporate and occupancy costs.

Business Strategies and Prospects for Future Financial Years

The objective of the Group is to create long-term shareholder value through the discovery, exploration and development of its projects.

To date, the Group has not commenced production of any minerals. To achieve its objective, the Group currently has the following business strategies and prospects:

(i) Complete a PFS on the Buck Creek Project, which is expected to be completed in the March 2015 quarter;

(ii) Complete additional exploration drilling within the Buck Creek Project to upgrade the maiden CRE;

(iii) Complete development drilling to assist with the detailed engineering design of the shaft and slope (i.e. decline) for the PFS;

(iv) Continuing the Company's aggressive leasing program on the Buck Creek Project;

(v) Continuing discussions with regional coal-fired power plants as part of its coal marketing strategy; and

(vi) Continuing to rapidly complete remaining technical studies on the Buck Creek Project with the aim of commencing mine construction in 2015.

All of these activities are inherently risky and the Board is unable to provide certainty of the expected results of these activities, or that any or all of these likely activities will be achieved. The material business risks faced by the Group that could have an effect on the Group's future prospects, and how the Group manages these risks, include:

- *The Company's activities will require further capital* – The development of the Company's exploration properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and any development of the Company's properties or even a loss of property interest. The Company's Board is experienced in capital markets and financing resource projects, however there can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company;

- *The Company's projects are not yet in production* - The exploration for, and development of, mineral deposits involve a high degree of risk. To mitigate this risk, the Company will undertake systematic and staged exploration and testing programs on its mineral properties and, subject to the results of these exploration programs, the Company will then progressively undertake a number of technical and economic studies with respect to its projects prior to making a decision to mine. However there can be no guarantee that the studies will confirm the technical and economic viability of the Company's mineral properties;

- *The Company may be adversely affected by fluctuations in commodity prices* – The price of coal and base *metals* fluctuates widely and is affected by numerous factors beyond the control of the Company. Future production, if any, from the Company's mineral properties and its profitability will be dependent upon the price of coal and/or base metals being adequate to make these properties economic. The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, this policy will be reviewed periodically going forward;

DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years (Continued)

- *The Company's title to its projects could be challenged* – The Company conducts its exploration and development activities in the USA on properties that are leased. As is standard industry practice in the USA, title to most of the Company's leased properties and mineral rights is not thoroughly verified until construction commences, and in some cases, title is not verified at all. Accordingly, actual or alleged defects in title or boundaries may exist, which could adversely affect its business and profitability. In addition, the Company is continuing with its leasing program to secure additional leased properties within the project area to enable the Company to undertake further technical and economic studies, however there can be no guarantee that the Company will secure any additional leasing which could impact on the results of further technical studies and/or operations; and
- *Global financial conditions may adversely affect the Company's growth and profitability* – Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Due to the current nature of the Company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth, or rate of growth, and ability to fund its activities.

EARNINGS PER SHARE

	2014 Cents	Restated 2013 Cents
Basic and diluted loss per share	**(0.04)**	**(0.05)**

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation.

Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve. Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

There have been no significant known breaches by the Group during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:

(i) On 16 October 2013, following shareholder approval, the Company completed its acquisition of Hartshorne which holds the Buck Creek Project;

(ii) On 16 October 2013, Messrs Ian Middlemas and Mr Anastasios Arima were appointed as Directors of the Company and Mr Luis Azevedo resigned as Director of the Company;

(iii) On 7 January 2014, Mr Ian Middlemas was appointed as Chairman of the Board and Mr David Gay was appointed as Chief Executive Officer of the Company;

(iv) On 16 May 2014, the Company completed a placement to raise A$960,000 (before costs) from the issue of 3,000,000 shares to T2 Resources Pty Ltd; and

(v) On 21 May 2014, Mr Todd Hannigan was appointed as a Director and Mr Thomas Todd was appointed as Mr Hannigan's alternate Director.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

(i) On 29 July 2014, the Company announced that it had completed a placement to raise A$5,000,000 (before costs) from the issue of 12,500,000 shares primarily to institutional and sophisticated investors.

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2014, of the Consolidated Entity.

DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

	Interest in securities at the date of this report		
	Ordinary Shares[1]	Incentive Options[2]	Performance Rights[3]
Mr Ian Middlemas	8,200,000	-	-
Mr Anastasios Arima	14,825,000	-	-
Mr David Griffiths	1,863,000	250,000	-
Mr David Chapman	3,096,667	1,000,000	-
Mr Todd Hannigan	5,250,000	1,500,000	-
Mr Thomas Todd	3,350,000	1,500,000	-

Notes:

[1] "Ordinary Shares" means fully paid Ordinary Shares in the capital of the Company.

[2] "Incentive Options" means an unlisted share option to subscribe for one Ordinary Share in the capital of the Company.

[3] "Performance Rights" means an unlisted performance share right that converts into one Ordinary Share in the capital of the Company upon the satisfaction of various performance conditions.

SHARE OPTIONS AND RIGHTS

At the date of this report the following Options and Rights have been issued over unissued Shares of the Company:

- 1,500,000 Incentive Options exercisable at $0.20 each on or before 31 December 2016;
- 150,000 Incentive Options exercisable at $0.30 each on or before 31 December 2016;
- 2,250,000 Incentive Options exercisable at $0.30 each on or before 31 August 2017;
- 1,500,000 Incentive Options exercisable at $0.45 each on or before 30 June 2018;
- 900,000 Performance Rights expiring on 31 December 2014;
- 700,000 Performance Rights expiring on 31 December 2015;
- 1,050,000 Performance Rights expiring on 31 December 2016; and
- 1,750,000 Performance Rights expiring on 31 December 2017.

During the year ended 30 June 2014, no Shares have been issued as a result of the exercise of Incentive Options or conversion of Performance Rights. Subsequent to year end, and up until the date of this report, no Shares have been issued as a result of the exercise of Incentive Options or conversion of Performance Rights.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a Director or officer of the Company or Group for any liability caused as such a Director or officer and any legal costs incurred by a Director or officer in defending an action for any liability caused as such a Director or officer.

During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to the above indemnities. During the financial year, an annualised insurance premium was paid to provide adequate insurance cover for Directors and officers against any potential liability and the associated legal costs of a proceeding.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("**KMP**") of the Group.

Details of Key Management Personnel

Details of the KMP of the Group during or since the end of the financial year are set out below:

Directors

Mr Ian Middlemas	Chairman (appointed 16 October 2013)
Mr Anastasios Arima	Executive Director (appointed 16 October 2013)
Mr David Chapman	Non-Executive Director (Executive Director until 30 June 2014)
Mr David Griffiths	Non-Executive Director
Mr Todd Hannigan	Non-Executive Director (appointed 21 May 2014)
Mr Thomas Todd	Alternative Director to Mr Todd Hannigan (appointed 21 May 2014)
Mr Luis Azevedo	Non-Executive Director (resigned 16 October 2013)

Other KMP

Mr David Gay	Chief Executive Officer (appointed 16 October 2013)
Mr Mathew Haaga	Chief Operating Officer (appointed 16 October 2013)
Mr James Plaisted	Vice President Coal Sales and Marketing (appointed 16 June 2014)
Mr Rick Kim	General Manager (appointed 21 July 2014)
Mr Mark Pearce	Director of Hartshorne Coal Mining Pty Ltd (appointed 16 October 2013)
Mr Nathan Ainsworth	Business Development Manager (appointed 1 February 2014)
Mr Gregory Swan	Company Secretary (appointed 25 November 2013)
Mr Nicholas Day	Company Secretary (resigned 25 November 2013)

Unless otherwise disclosed, the KMP held their position from 1 July until the date of this report.

Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

(a) the Group is currently focused on undertaking exploration, appraisal and development activities;

(b) risks associated with developing resource companies whilst exploring and developing projects; and

(c) other than profit which may be generated from asset sales, the Company does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

Executive Remuneration

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Non-cash benefits may include provision of car parking and health care benefits.

Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Performance Based Remuneration – Short Term Incentives ("STI")

Some executives are entitled to an annual cash bonus upon achieving various key performance indicators ("**KPI's**"), as set by the Board. Having regard to the current size, nature and opportunities of the Company, the Board has determined that these KPI's will include measures such as successful commencement and/or completion of exploration activities (e.g. completion of exploration programs within budgeted timeframes and costs), development activities (e.g. completion of technical studies), corporate activities (e.g. recruitment of key personnel) and business development activities (e.g. successful investor relations activities and capital raisings). These measures were chosen as the Board believes these represent the key drivers in the short and medium term success of the project's development. The Board currently assesses performance against these criteria annually.

During the 2014 financial year, a total bonus sum of $79,515 was paid, or is payable, to executives on achieving the KPIs set by the Board, which included: (a) completion of positive exploration programs at the Buck Creek project; (b) completion of a positive Scoping Study for the Buck Creek Project; (c) appointment of key USA management personnel; and (d) completion of positive investor marketing activities.

Performance Based Remuneration – Long Term Incentives

The Group has adopted a long-term incentive plan ('**LTIP'**) comprising the "Paringa Performance Rights Plan" (the '**Plan'**) to reward KMP and key employees for long-term performance. Shareholders approved the Plan in October 2013 at a General Meeting of Shareholders.

The Plan provides for the issuance of **Performance Rights** which, upon satisfaction of the relevant performance conditions attached to the Performance Rights, will result in the issue of an Ordinary Share for each Performance Right. Performance Rights are issued for no consideration and no amount is payable upon conversion thereof.

To achieve its corporate objectives the Company needs to attract and retain its key staff, whether employees or contractors. Grants made to eligible participants under the Plan will assist with the Company's employment strategy and will:

(a) enable the Company to recruit, incentivise and retain KMP and other eligible employees to assist with the completion of feasibility studies for the Buck Creek Coal Project to achieve the Company's strategic objectives;

(b) link the reward of eligible employees with the achievements of strategic goals and the long term performance of the Company;

(c) align the financial interests of eligible participants of the proposed Plan with those of Shareholders; and

(d) provide incentives to eligible employees of the Plan to focus on superior performance that creates Shareholder value.

Performance Rights granted under the Plan to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. The Performance Rights also vest where there is a change of control of the Company. Upon Performance Rights vesting, Ordinary Shares are automatically issued for no consideration. If a performance condition of a Performance Right is not achieved by the expiry date then the Performance Right will lapse.

During the financial year, Performance Rights were granted to certain KMP and other employees and contractors with certain performance conditions in relation to the Buck Creek Coal Project including: (a) completion of a positive PFS; (b) completion of a positive DFS; (c) commencement of construction activities; and (d) achievement of an agreed monthly coal production level.

In addition, the Group has chosen to provide Incentive Options to some KMP as part of their remuneration and incentive arrangements in order to attract and retain their services and to provide an incentive linked to the performance of the Group. The Board has a policy of granting Incentive Options to KMP with exercise prices at or above market share price (at the time of agreement). As such, the Incentive Options granted to KMP are generally only of benefit if the KMP perform to the level whereby the value of the Group increases sufficiently to warrant exercising the Incentive Options granted.

DIRECTORS’ REPORT (Continued)

REMUNERATION REPORT (AUDITED) (Continued)

Executive Remuneration (Continued)

Performance Based Remuneration – Long Term Incentives (Continued)

Other than service-based vesting conditions (if any), there are no additional performance criteria on the Incentive Options granted to KMP, as given the speculative nature of the Group’s activities at the time and the previously small management team responsible for its running, it is considered the performance of the KMP and the performance and value of the Group are closely related.

The Company prohibits executives entering into arrangements to limit their exposure to Incentive Options and Performance Rights granted as part of their remuneration package.

Non-Executive Director Remuneration

The Board’s policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, Incentived Options and Performance Rights may also be used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Director’s fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors’ interests with shareholder interests, the Directors are encouraged to hold shares in the Company and given the current size, nature and opportunities of the Company, Non-Executive Directors may receive Incentive Options and Performance Rights in order to secure their initial or ongoing holding and retain their services.

Fees for the Chairman are presently $50,000 per annum (2013: $70,000) and fees for Non-Executive Directors’ are presently set at $30,000 per annum (2013: $40,000). These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

The Company prohibits non-executives entering into arrangements to limit their exposure to Incentive Options and Performance Rights granted as part of their remuneration package.

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company’s exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly, the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board’s policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous financial years.

The Board did not determine, and in relation to, the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous financial years. Discretionary annual cash bonuses are based upon achieving various non-financial key performance indicators as detailed under “Performance Based Remuneration – Short Term Incentive” and are not based on share price or earnings. However, as noted above, certain KMP are granted Incentive Options and Performance Rights which generally will be of greater value to KMP if the value of the Company’s shares increases (subject to vesting conditions being met).

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

Emoluments of Directors and Other KMP

Details of the nature and amount of each element of the emoluments of each Director and KMP of Paringa Resources Limited are as follows:

2014	Short-term benefits Salary & fees $	Cash Bonus $	Other $	Post-employ-ment benefits $	Share-based payments $	Total $	Perform-ance related %
Directors							
Mr Ian Middlemas[1]	30,000	-	-	2,775	-	**32,775**	**-**
Mr Anastasios Arima[1]	80,000	-	-	7,400	-	**87,400**	**-**
Mr David Chapman	265,000	-	-	24,513	-	**289,513**	**-**
Mr David Griffiths	50,000	-	-	4,625	-	**54,625**	-
Mr Todd Hannigan[2]	3,288	-	-	304	-	**3,592**	-
Mr Thomas Todd[2]	-	-	-	-	-	**-**	-
Mr Luis Azevedo[3]	13,333	-	-	-	-	**13,333**	-
Other KMP							
Mr David Gay[1]	208,833	54,515	9,510	-	451,126	**723,984**	**62%**
Mr Mathew Haaga[1]	159,351	-	7,688	-	67,050	**234,089**	**29%**
Mr James Plaisted[4]	3,680	-	-	-	-	**3,680**	**-**
Mr Richard Kim[5]	-	-	-	-	-	**-**	**-**
Mr Mark Pearce[6]	-	-	-	-	-	**-**	**-**
Mr Nathan Ainsworth[7]	76,000	25,000	-	7,030	23,379	**131,409**	**37%**
Mr Gregory Swan[8]	-	-	-	-	-	**-**	**-**
Mr Nicholas Day[9]	27,500	-	-	-	6,200	**33,700**	**18%**
Total	**916,985**	**79,515**	**17,198**	**46,647**	**547,755**	**1,608,100**	

Notes:

1 Messrs Middlemas, Arima, Gay and Haaga were appointed on 16 October 2013.
2 Messrs Hannigan and Todd were appointed on 21 May 2014.
3 Mr Azevedo resigned effective from 16 October 2013.
4 Mr Plaisted was appointed on 16 June 2014.
5 Mr Kim was appointed on 21 July 2014.
6 Mr Pearce was appointed on 16 October 2013. During the year, Apollo Group Pty Ltd (‘Apollo’), a company associated with Mr Pearce, was paid, or is payable, $112,000 for the provision of a fully serviced office and administrative, accounting and company secretarial services to the Group.
7 Mr Ainsworth was appointed on 1 February 2014.
8 Mr Swan was appointed on 25 November 2013. Mr Swan provides services as the Company Secretary through a services agreement with Apollo. During the year, Apollo was paid, or is payable, $112,000 for the provision of a fully serviced office and administrative, accounting and company secretarial services to the Group.
9 Mr Day resigned effective from 25 November 2013.

2013	Short-term benefits Salary & fees $	Cash Bonus $	Other $	Post-employ-ment benefits $	Share-based payments $	Total $	Perform-ance related %
Directors							
Mr David Chapman[1]	297,892	-	-	16,500	-	314,392	-
Mr David Griffiths[1]	57,087	-	-	5,138	-	62,225	-
Mr Luis Azevedo[1]	28,612	-	-	-	-	28,612	-
Other KMP							
Mr Paulo de Brito[2]	183,405	-	2,459	-	-	185,864	-
Mr Nicholas Day[3]	66,000	-		-	-	66,000	-
Ms Emma Curnow[4]	55,806	-	-	5,022	-	60,828	-
Total	**688,802**	**-**	**2,459**	**26,660**	**-**	**717,921**	

Notes:

1 Messrs Chapman, Griffiths and Azevedo were appointed on 7 September 2012.
2 Mr de Brito was appointed on 31 August 2012.
3 Mr Day was appointed on 2 July 2012.
4 Ms Curnow was appointed on 14 January 2013.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (AUDITED) (Continued)

Options and Rights Granted to KMP

Details of Incentive Options and Performance Rights granted by the Company to each KMP of the Group during the financial year are as follows:

2014	Options/ Rights	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value[1] $	Number Granted	Number Vested
Other KMP							
Mr Nicholas Day[3]	Options	2-Sep-13	31-Dec-16	0.30	0.062	100,000	100,000
Mr David Gay	Options	19-Nov-13	31-Dec-16	0.20	0.189	1,500,000	1,500,000
Mr David Gay	Rights	19-Nov-13	31-Dec-14	-	0.255	500,000	-
Mr David Gay	Rights	19-Nov-13	31-Dec-15	-	0.255	400,000	-
Mr David Gay	Rights	19-Nov-13	31-Dec-16	-	0.255	600,000	-
Mr David Gay	Rights	19-Nov-13	31-Dec-17	-	0.255	1,000,000	-
Mr Mathew Haaga	Rights	19-Nov-13	31-Dec-14	-	0.255	200,000	-
Mr Mathew Haaga	Rights	19-Nov-13	31-Dec-15	-	0.255	160,000	-
Mr Mathew Haaga	Rights	19-Nov-13	31-Dec-16	-	0.255	240,000	-
Mr Mathew Haaga	Rights	19-Nov-13	31-Dec-17	-	0.255	400,000	-
Mr Nathan Ainsworth	Rights	31-Jan-14	31-Dec-14	-	0.250	100,000	-
Mr Nathan Ainsworth	Rights	31-Jan-14	31-Dec-15	-	0.250	70,000	-
Mr Nathan Ainsworth	Rights	31-Jan-14	31-Dec-16	-	0.250	105,000	-
Mr Nathan Ainsworth	Rights	31-Jan-14	31-Dec-17	-	0.250	175,000	-

Notes:

1 For details on the valuation of the Incentive Options and Performance Rights, including models and assumptions used, please refer to Note 24 to the financial statements.

2 Each Incentive Option and Performance Right converts into one Ordinary Share of Paringa Resources Limited.

3 Mr Day resigned effective from 25 November 2013.

Details of the values of Incentive Options granted, exercised or lapsed for each KMP of the Group during the 2014 financial year are as follows:

2014	Value of Options Granted during the Year[1] $	Value of Options exercised during the year $	Value of Options lapsed during the year $	Value of Options included in remuneration report for the year $	Remuneration for the year that consists of Options %
Directors					
Mr David Gay	**283,500**	-	-	**283,500**	**39%**
Mr Nicholas Day[2]	**6,200**	-	-	**6,200**	**18%**
Total	**289,700**	-	-	**289,700**	

Notes:

1 For details on the valuation of the Incentive Options, including models and assumptions used, please refer to Note 24 to the financial statements.

2 Mr Day resigned effective from 25 November 2013.

Option and Right holdings of Key Management Personnel

2014	Held at 1 July 2013	Granted as Remuneration	Exercised	Net Other Change	Held at 30 June 2014	Vested and exercisable at 30 June 2014
Directors						
Mr Ian Middlemas	-[1]	-	-	-	**-**	**-**
Mr Taso Arima	-[1]	-	-	-	**-**	**-**
Mr David Chapman	1,000,000	-	-	-	**1,000,000**	**1,000,000**
Mr David Griffiths	250,000	-	-	-	**250,000**	**250,000**
Mr Todd Hannigan	1,500,000[1]	-	-	-	**1,500,000**	**1,500,000**
Mr Tom Todd	1,500,000[1]	-	-	-	**1,500,000**	**1,500,000**
Mr Luis Azevedo	500,000	-	-	-	**500,000[2]**	**500,000[2]**
Other KMP						
Mr David Gay	-[1]	4,000,000	-	-	**4,000,000**	**1,500,000**
Mr Mathew Haaga	-[1]	1,000,000	-	-	**1,000,000**	**-**
Mr James Plaisted	-[1]	-	-	-	**-**	**-**
Mr Rick Kim	-[1]	-	-	-	**-**	**-**
Mr Mark Pearce	-[1]	-	-	-	**-**	**-**
Mr Nathan Ainsworth	-[1]	450,000	-	-	**450,000**	**-**
Mr Greg Swan	-[1]	-	-	-	**-**	**-**
Mr Nicholas Day	-	100,000	-	-	**100,000[2]**	**100,000[2]**
	4,750,000	**5,550,000**	**-**	**-**	**10,300,000**	**6,350,000**

Notes:
[1] As at date of appointment.
[2] As at date of resignation.

Shareholdings of Key Management Personnel

2014	Held at 1 July 2013	Purchases	Sales	Net Change Other	Held at 30 June 2014
Directors					
Mr Ian Middlemas	8,200,000[1]	-	-	-	**8,200,000**
Mr Taso Arima	15,625,000[1]	948,500	-	-	**16,573,500**
Mr David Chapman	3,096,667	-	-	-	**3,096,667**
Mr David Griffiths	1,613,000	250,000	-	-	**1,863,000**
Mr Todd Hannigan	5,250,000[1]	-	-	-	**5,250,000**
Mr Tom Todd	3,350,000[1]	-	-	-	**3,350,000**
Mr Luis Azevedo	1,500,000	-	-	-	**1,500,000[2]**
Other KMP					
Mr David Gay	2,300,000[1]	-	-	-	**2,300,000**
Mr Matthew Haaga	500,000[1]	-	-	-	**500,000**
Mr James Plaisted	-[1]	-	-	-	**-**
Mr Rick Kim	-[1]	-	-	-	**-**
Mr Mark Pearce	5,273,722[1]	-	-	-	**5,273,722**
Mr Nathan Ainsworth	625,000[1]	125,000	-	-	**750,000**
Mr Greg Swan	1,625,000[1]	200,000	-	-	**1,825,000**
Mr Nicholas Day	80,434	256,000	-	-	**336,434[2]**
	43,765,101	**1,779,500**	**-**	**-**	**45,544,601**

Notes:
[1] As at date of appointment.
[2] As at date of resignation.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (AUDITED) (Continued)

Employment Contracts with Directors and Other KMP

Mr Arima, Executive Director, has an employment contract with the Company which specifies the duties and obligations to be fulfilled by an Executive Director. The contract may be terminated by either party by giving two months' notice. No amount is payable in the event of termination for negligence or incompetence in regard to the performance of duties. Mr Arima receives a fixed remuneration component of A$120,000 per annum plus any required superannuation.

Mr Gay, Chief Executive Officer, has an employment agreement with the Group which specifies the duties and obligations to be fulfilled by a Chief Executive Officer. The contract may be terminated by either party by giving three months' notice. No amount is payable in the event of termination for negligence or incompetence in regard to the performance of duties. Mr Gay receives a fixed remuneration component of US$300,000 per annum and an discretionary annual bonus of up to US$100,000 to be paid upon the successful completion of KPI's as determined by the Board.

Mr Haaga, Chief Operating Officer, has a contract of employment with the Company which specifies the duties and obligations to be fulfilled by a Chief Operating Officer. The contract may be terminated by either party by giving three months' notice. No amount is payable in the event of termination for negligence or incompetence in regard to the performance of duties. Mr Haaga receives a fixed remuneration component of US$200,000 per annum.

Mr Plaisted, Vice President Coal Sales and Marketing, is an at-will employee of the Group. The arrangement may be terminated by either party at any time and no amount is payable in the event of termination. Mr Plaisted receives a fixed remuneration of US$100 per hour.

Mr Kim, General Manager, has a contract of employment with the Company which specifies the duties and obligations to be fulfilled by the General Manager of the Buck Creek Project. The contract may be terminated by either party by giving two months' notice. No amount is payable in the event of termination for negligence or incompetence in regard to the performance of duties. Mr Kim receives a fixed remuneration component of US$170,000 per annum.

Mr Ainsworth, Business Development Manager, has a contract of employment with the Company which specifies the duties and obligations to be fulfilled by a Business Development Manager. The contract may be terminated by either party by giving two months' notice. Mr Ainsworth receives a fixed remuneration component of A$200,000 per annum and discretionary annual bonus of up to A$50,000 to be paid upon the successful completion of KPI's as determined by the Board.

Loans with KMP

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2014.

Other Transactions with KMP

Apollo Group Pty Ltd, a Company of which Mr Pearce is a director and beneficial shareholder, was paid $112,000 for the provision of serviced office facilities and administration services during the year, which was fully paid as of the reporting date. The amount is based on a monthly retainer of $16,000 per month due and payable in advance, with no fixed term ($20,000 per month effective from 1 July 2014).

FFA Legal, a partnership in which Mr Azevedo is a partner, was paid $72,135 for the provision of legal, accounting and tenement management services during the year to the Company, which was fully paid as of the reporting date.

End of Remuneration Report.

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows:

	Board Meetings	
	Number eligible to attend	Number attended
Mr Ian Middlemas	2	2
Mr David Griffiths	4	4
Mr Anastasios Arima	2	2
Mr David Chapman	4	4
Mr Todd Hannigan	-	-
Mr Thomas Todd	-	-
Mr Luis Azevedo	2	2

There were no Board committees during the financial year.

NON-AUDIT SERVICES

During the year, the Company's auditor, Deloitte, received, or is due to receive, nil (2013: Grant Thornton $10,000) for the provision of non-audit services.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 27 of the Directors' Report.

Signed in accordance with a resolution of the Directors.

ANASTASIOS ARIMA
Executive Director

26 September 2014

DIRECTORS' REPORT (Continued)

Forward Looking Statements

This report may include forward-looking statements. These forward-looking statements are based on Paringa'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 Paringa, which could cause actual results to differ materially from such statements. Paringa makes no undertaking to subsequently update or revise the forward-looking statements made in this report, to reflect the circumstances or events after the date of that report.

Competent Person Statements

The Company advises that the information relating to the Scoping Study referred to in this report 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 information in this report that relates to the Exploration Results, Coal Resources, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Paringa's ASX announcements dated 24 March 2014 entitled 'Scoping Study Confirms Strong Fundamentals of the Buck Creek Project' and 4 November 2013 entitled 'Maiden Coal Resource of 154 Million Tons Defined in Illinois Coal Basin' which are available to view on the Company's website at www.paringaresources.com.au.

The information in the original ASX announcements that related to Exploration Results and Coal Resources is based on information compiled or reviewed by Mr Kirt W. Suehs, a Competent Person who is a Member of The American Institute of Professional Geologists. Mr Suehs is employed by Cardno MM&A. Mr Suehs has sufficient experience that is relevant to the style of mineralization 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' and to qualify as a Qualified Person as defined in the 2011 Edition of the National Instrument 43-101 and Canadian Institute of Mining's Definition Standards on Mineral Reserves and Mineral Resources.

The information in the original ASX announcements that related to Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on information compiled or reviewed by Messrs. Justin S. Douthat, Gerard J. Enigk and George Oberlick, all of whom are Competent Persons and are Registered Members of the Society for Mining, Metallurgy & Exploration (SME). Messrs. Douthat, Enigk and Oberlick are employed by Cardno MM&A. Messrs. Douthat, Enigk and Oberlick have sufficient experience that is relevant to the type of mining, coal preparation and cost estimation under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as Qualified Persons as defined in the 2011 Edition of the National Instrument 43-101 and Canadian Institute of Mining's Definition Standards on Mineral Reserves and Mineral Resources.

Paringa confirms that: (a) it is not aware of any new information or data that materially affects the information included in the original ASX announcements; (b) all material assumptions and technical parameters underpinning the Coal Resource, Production Target, and related forecast financial information derived from the Production Target included in the original ASX 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 report have not been materially modified from the original ASX announcements.

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Paringa Resources Limited
Level 9, BGC Centre
28 The Esplanade
Perth WA 6000

26 September 2014

Dear Board Members

Paringa Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Paringa Resources Limited.

As lead audit partner for the audit of the financial statements of Paringa Resources Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D Newman

David Newman
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $	*Restated** 2013 $
CONTINUING OPERATIONS			
Interest income	**2(a)**	**232,412**	176,655
Exploration and evaluation expenses		**(2,239,040)**	(1,207,593)
Corporate and administrative expenses		**(887,040)**	(762,601)
Business development expenses		**(464,872)**	(75,069)
Share based payment expense	**24(a)**	**(581,941)**	-
Impairment of exploration asset	**9**	**(218,618)**	-
Loss before income tax		**(4,159,099)**	(1,868,608)
Income tax expense	**4**	**-**	-
Net loss for the year		**(4,159,099)**	(1,868,608)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(63,201)**	5,175
Total other comprehensive income/(loss) for the year, net of tax		**(63,201)**	5,175
Total comprehensive loss for the year, net of tax		**(4,222,300)**	(1,863,433)
Total comprehensive profit/(loss) attributable to members of Paringa Resources Limited		**(4,222,300)**	(1,863,433)
Basic and diluted earnings/(loss) per share from continuing operations (cents per share)	**19**	**(0.04)**	(0.05)

* Refer to note 1(y) for details of the restatement for a change in accounting policy

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

PARINGA RESOURCES LIMITED

	Note	30 June 2014 $	*Restated** 30 June 2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	**4,511,985**	8,007,091
Trade and other receivables	7	**44,512**	116,684
Other current assets	8	**10,431**	10,000
Total Current Assets		**4,566,928**	8,133,775
Non-Current Assets			
Exploration and evaluation assets	9	**15,594,564**	218,618
Plant and equipment	10	**59,659**	39,065
Other non-current assets	11	**90,378**	10,900
Total Non-current Assets		**15,744,601**	268,583
TOTAL ASSETS		**20,311,529**	8,402,358
LIABILITIES			
Current Liabilities			
Trade and other payables	12	**254,625**	57,217
Deferred consideration payable	13	**1,011,727**	-
Provisions	14	**27,039**	10,939
Total Current Liabilities		**1,293,391**	68,156
TOTAL LIABILITIES		**1,293,391**	68,156
NET ASSETS		**19,018,138**	8,334,202
EQUITY			
Contributed equity	15	**24,725,079**	10,400,784
Reserves	16	**523,915**	5,175
Accumulated losses	17	**(6,230,856)**	(2,071,757)
TOTAL EQUITY		**19,018,138**	8,334,202

* Refer to note 1(y) for details of the restatement for a change in accounting policy

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2014

	Contributed Equity	Share-based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
Balance at 1 July 2013 (originally stated)	**10,400,784**	**-**	**11,969**	**(686,404)**	**9,726,349**
Change in accounting policy opening balance adjustment (Note 1 (x))	**-**	**-**	**(6,794)**	**(1,385,353)**	**(1,392,147)**
At 1 July 2013 (restated)	**10,400,784**	**-**	**5,175**	**(2,071,757)**	**8,334,202**
Net loss for the year	**-**	**-**	**-**	**(4,159,099)**	**(4,159,099)**
Exchange differences on translation of foreign operations	**-**	**-**	**(63,201)**	**-**	**(63,201)**
Total comprehensive loss for the year	**-**	**-**	**(63,201)**	**(4,159,099)**	**(4,222,300)**
Shares issued to acquire controlled entity	**13,420,000**	**-**	**-**	**-**	**13,420,000**
Share Placements	**960,000**	**-**	**-**	**-**	**960,000**
Share issue costs	**(55,705)**	**-**	**-**	**-**	**(55,705)**
Share based payments expense	**-**	**581,941**	**-**	**-**	**581,941**
Balance at 30 June 2014	**24,725,079**	**581,941**	**(58,026)**	**(6,230,856)**	**19,018,138**
Balance at 1 July 2012 (originally stated)	(26,352)	-	-	(25,389)	(51,741)
Change in accounting policy opening balance adjustment (Note 1 (x))	-	-	-	(177,760)	(177,760)
At 1 July 2012 (restated)	(26,352)	-	-	(203,149)	(229,501)
Net loss for the year	-	-	-	(1,868,608)	(1,868,608)
Exchange differences on translation of foreign operations	-	-	5,175	-	5,175
Total comprehensive loss for the year	-	-	5,175	(1,868,608)	(2,092,934)
Share Placements	11,257,700	-	-	-	11,257,700
Share issue costs	(830,564)	-	-	-	(830,564)
Balance at 30 June 2013 (restated)	10,400,784	-	5,175	(2,071,757)	8,334,202

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Year Ended 30 June 2014 $	*Restated** Year Ended 30 June 2013 $
Cash flows from operating activities			
Payments to suppliers and employees		**(3,569,984)**	(1,583,065)
Interest received		**324,476**	70,063
Net cash outflow from operating activities	**18(a)**	**(3,245,508)**	1,513,002
Cash flows from investing activities			
Net cash inflow on acquisition of controlled entity	**20**	**47,130**	-
Payment for plant and equipment		**(31,446)**	(42,003)
Proceeds on sale of plant and equipment		**500**	-
Payments for exploration and evaluation assets		**(200,346)**	(154,882)
Payment of deferred consideration		**(829,646)**	
Payments for refundable deposits		**(79,909)**	(20,900)
Net cash outflow from investing activities		**(1,093,717)**	(217,785)
Cash flows from financing activities			
Repayment of borrowings		**(100,000)**	-
Proceeds from issue of shares	**15(b)**	**960,000**	10,310,557
Payments for share issue costs	**15(b)**	**(55,705)**	(572,679)
Net cash (outflow)/inflow from financing activities		**(804,295)**	9,737,878
Net increase/(decrease) in cash and cash equivalents		**(3,534,930)**	(8,007,091)
Net foreign exchange differences		**39,824**	-
Cash and cash equivalents at beginning of the year		**8,007,091**	-
Cash and cash equivalents at the end of the year	**18(b)**	**4,511,985**	8,007,091

* Refer to note 1(y) for details of the restatement for a change in accounting policy

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Paringa Resources Limited ("**Paringa**" or "**Company**") and its consolidated entities ("**Consolidated Entity**" or "**Group**") for the year ended 30 June 2014 are stated to assist in a general understanding of the financial report.

Paringa is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ("**ASX**").

The financial report of the Group for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 26 September 2014.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ("**AASBs**") and other authoritative pronouncements of the Australian Accounting Standards Board ("**AASB**") and the *Corporations Act 2001*. The Group is a for-profit entity for the purposes of preparing the consolidated financial statements.

The financial report has been prepared on a historical cost basis. The financial report is presented in Australian dollars.

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has updated the classification of expenses to make the Statement of Profit or Loss and other Comprehensive Income more relevant to users of the financial report. This has resulted in the reclassification of some items in the prior period, however, has not impacted the reported loss for the period or earnings per share.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

As a consequence of the adoption of AASB 2011-4 amendments to AASB 124 'Related Party Disclosures', the individual Key Management Personnel disclosure previously required in notes has been removed and included in the remuneration report. The adoption of AASB 2011-8 Amendments to AASB 13 'Fair Value Measurement' has resulted in an additional disclosure in the Group's notes to the consolidated financial statements.

Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes to follow.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. These are outlined in the table overleaf:

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
Interpretation 21	Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 9/IFRS 9	Financial Instruments	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.	1 January 2018	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2018

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.	20 December 2013 1 January 2014 1 January 2015	These amendments are not expected to have any significant impact on the Group's financial report.	30 June 2014 1 July 2014 1 July 2015

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2014-1 Part A - Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards – Part A Annual Improvements to IFRSs 2011–2013 Cycle	This standard sets out amendments to Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: ► AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ► AASB40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
IFRS 14	Interim standard on regulatory deferral accounts	This interim standard provides first-time adopters of IFRS with relief from derecognising rate-regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB. It is intended to encourage rate-regulated entities to adopt IFRS while bridging the gap with entities that already apply IFRS, but do not recognise regulatory deferral accounts.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, is exposed or has rights to variable returns from its involvement and has the ability to use its power to affect the returns of those entities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due and are interest free.

(f) Investments and Other Financial Assets

(i) Classification

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

(ii) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the Statement of Profit or Loss and other Comprehensive Income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments available-for-sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the Statement of Profit or Loss and other Comprehensive Income as gains and losses on disposal of investment securities.

(iv) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in Profit or loss – is transferred from equity to the Statement of Profit or Loss and other Comprehensive Income. Impairment losses recognised in the Statement of Profit or Loss and other Comprehensive Income on equity instruments classified as held for sale are not reversed through the Statement of Profit or Loss and other Comprehensive Income.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 26). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Property, Plant and Equipment

(i) Cost and valuation

All classes of property, plant and equipment are measured at historical cost.

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the Statement of Profit or Loss and other Comprehensive Income as incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, Plant and Equipment (Continued)

(ii) Depreciation and Amortisation

Depreciation is provided on a straight line basis on all property, plant and equipment.

	2014	2013
Major depreciation and amortisation periods are:		
Plant and equipment:	**22%- 40%**	22%- 40%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(i) Exploration and Development Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*.

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition and are recorded as an asset if:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred, up to costs associated with the preparation of a feasibility study.

(i) Impairment

Capitalised exploration costs are reviewed each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(j) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Revenue Recognition

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(m) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Paringa Resources Limited and its wholly-owned Australian subsidiaries has not yet formed an income tax consolidated group under the tax consolidation regime.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee Entitlements

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled wholly within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(o) Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of Ordinary Shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(r) Acquisition of Assets

A group of assets may be acquired in a transaction which is not a business combination. In such cases the cost of the group is allocated to the individual identifiable assets (including intangible assets that meet the definition of and recognition criteria for intangible assets in AASB 138) acquired and liabilities assumed on the basis of their relative fair values at the date of purchase.

(s) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(t) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(u) Issued and Unissued Capital

Ordinary Shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Foreign Currencies

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement Profit or Loss and other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the other Comprehensive Income.

(iii) Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- items of equity are translated at the historical exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the Statement of Profit or Loss and other Comprehensive Income in the period in which the operation is disposed.

(w) Share-Based Payments

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Binomial option pricing model. Further details on how the fair value of equity-settled share based payments has been determined can be found in Note 24.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share based payments reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where Ordinary Shares are issued, the transaction is recorded at fair value based on the quoted price of the Ordinary Shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

(x) Use and Revision of Accounting Estimates, Judgements and Assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Exploration and Evaluation Assets (Note 9)
- Share-Based Payments (Note 24)

(y) Change in Accounting Policy

The policy for accounting for exploration and evaluation expenditure has changed from the policy applied in previous reporting periods.

In previous reporting periods, all costs incurred in connection with the exploration and evaluation of areas with current rights of tenure were capitalised and recognised as an exploration and evaluation asset. Costs carried forward in respect of an area of interest that was abandoned were written off in the year in which the decision to abandon was made.

The policy has now changed, and the new policy has been applied retrospectively (with comparative information restated accordingly). Under the new policy:

- exploration and evaluation expenditure incurred in the acquisition of the rights to explore (including payments to landowners required under the Group's mineral leases) is capitalised and recognised as an exploration and evaluation asset; and

- exploration and evaluation expenditure incurred subsequent to the acquisition of the rights to explore will now be expensed as incurred, up to and until the preparation of a technical feasibility study.

The Directors are of the opinion that the change in accounting policy provides users with more relevant and no less reliable information as the policy is more transparent and less subjective. The policy is common of exploration focussed companies operating in the same geographical area as the Consolidated Entity, where exploration and evaluation expenditure is viewed as an ongoing expense of discovery, until a technical feasibility study has been completed. The impact of this change in accounting policy is reflected below.

For comparative purposes the accounts within the Consolidated Statement of Financial Position have changed by:

	1 July 2012 $	30 June 2013 $
Decrease in exploration and evaluation assets	(177,760)	(1,392,147)
Net decrease in equity	**(177,760)**	**(1,392,147)**

For comparative purposes the loss after tax has changed by:

	Year ended 30 June 2013 $
Recognised exploration expenditure	(1,207,593)
Increase in loss	**(1,207,593)**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
(Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Change in Accounting Policy (Continued)

Basic and diluted loss per share have also been restated. The amount of the impact on basic and diluted loss per share for the restated result for the year ended 30 June 2013 due to the change in accounting policy is an increase in loss per share of 3.5 cents.

The impact of the change in accounting policy has not been quantified for the current period as these accounting records have not been maintained.

For comparative purposes the Statement of Cash Flows has changed by:

	30 June 2013 $
Payments to suppliers	(1,004,637)
Increase in net cash outflow from operating activities	**(1,004,637)**
Payment for exploration expenditure	(1,004,637)
Decrease in net cash outflow from investing activities	**(1,004,637)**

2. REVENUE AND OTHER INCOME

	Note	2014 $	2013 $
(a) Revenue			
Interest income		**232,412**	176,655
		232,412	176,655

3. EXPENSES

	Note	2014 $	2013 $
(a) Depreciation included in statement of comprehensive income			
Depreciation of plant and equipment	10	**24,425**	2,938
(b) Employee benefits expense (including KMP)			
Salaries and wages		**655,343**	691,261
Superannuation expense		**61,791**	26,660
Share-based payment expense		**581,941**	-
Total employment expenses included in profit or loss		**1,299,075**	717,921

4. INCOME TAX

	Note	2014 $	*Restated* 2013 $
(a) Recognised in the statement of comprehensive income			
Current income tax			
Current income tax benefit in respect of the current year		**-**	-
Deferred income tax			
Relating to origination and reversal of temporary differences		**(965,506)**	(711,663)
Deferred tax assets not brought to account		**966,824**	711,663
Adjustments in respect of deferred income tax of previous years		**(1,318)**	-
Income tax expense reported in the statement of Profit or Loss and other Comprehensive income		**-**	-
(b) Reconciliation between tax expense and accounting loss before income tax			
Accounting loss before income tax		**(4,159,099)**	(1,868,608)
At the domestic income tax rate of 30% (2013: 30%)		**(1,247,730)**	(560,582)
Expenditure not allowable for income tax purposes		**282,224**	105,706
Capital allowances		**-**	(256,787)
Deferred tax assets not brought to account		**966,824**	711,663
Adjustments in respect of deferred income tax of previous years		**(1,318)**	-
Income tax expense reported in the statement of Profit or Loss and other Comprehensive income		**-**	-
(c) Deferred Tax Assets and Liabilities			
Deferred income tax at 30 June relates to the following:			
Deferred Tax Liabilities			
Accrued income		**4,349**	31,978
Exploration and evaluation assets		**-**	65,585
Plant and equipment		**-**	1,318
Deferred tax assets used to offset deferred tax liabilities		**(4,349)**	(98,881)
		-	-
Deferred Tax Assets			
Accrued expenditure		**7,500**	4,800
Capital allowances		**154,072**	205,429
Provisions		**8,111**	3,282
Tax losses available to offset against future taxable income		**1,506,951**	590,832
Deferred tax assets used to offset deferred tax liabilities		**(4,349)**	(98,881)
Deferred tax assets not brought to account		**(1,672,286)**	(705,462)
		-	-

4. INCOME TAX (Continued)

(c) Deferred Tax Assets and Liabilities (Continued)

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(d) Tax Consolidation

The Company and its wholly-owned Australian resident entities have not yet formed a tax consolidated group and are therefore are not taxed as a single entity.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends have been paid or proposed for the year ended 30 June 2014 (2013: Nil). The balance of the franking account as at 30 June 2014 is Nil (2013: Nil).

6. CASH AND CASH EQUIVALENTS

	Note	2014 $	2013 $
Cash at bank and on hand		**561,985**	307,091
Deposits at call		**3,950,000**	7,700,000
		4,511,985	8,007,091

7. TRADE AND OTHER RECEIVABLES

	Note	2014 $	2013 $
Accrued interest		**14,498**	106,592
GST and other receivables		**26,264**	3,130
Prepayments		**3,750**	6,962
		44,512	116,684

8. OTHER FINANCIAL ASSETS (CURRENT)

	Note	2014 $	2013 $
Security deposit		**10,431**	10,000
		10,431	10,000

9. EXPLORATION AND EVALUATION ASSETS

	Note	2014 $	*Restated* 2013 $	*Restated* 2012 $
(a) Areas of Interest				
Buck Creek Coal Project		**15,078,210**	-	-
Arkoma Coal Project		**516,354**	-	-
Minaçu Gold Project		**-**	218,618	31,146
Carrying amount at end of the year[1]		**15,594,564**	218,618	31,146
(b) Reconciliation				
Carrying amount at start of year		**218,618**	31,416	-
Acquisition of controlled entity	**20**	**15,358,092**	-	-
Other additions		**210,737**	187,202	31,146
Impairment [2]		**(218,618)**	-	-
Exchange differences on translation of foreign operations		**25,735**	-	-
Carrying amount at end of the year[1]		**15,594,564**	218,618	31,146

Notes:

[1] The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

[2] The Company reviewed its capitalised exploration costs to determine whether any indications of impairment exist. In this regard, it was determined that certain non-core exploration tenements in Brazil had been relinquished. Accordingly, the decision was taken to write-off all capitalised exploration costs associated with these tenements, being a total of $218,618. This amount has been treated as an expense in Profit or Loss and other Comprehensive Income.

10. PLANT AND EQUIPMENT

	Note	2014 $	2013 $
(a) Plant and Equipment			
At cost		**98,846**	42,003
Accumulated depreciation		**(39,187)**	(2,938)
Carrying amount at end of year, net of accumulated depreciation		**59,659**	39,065
(b) Reconciliation			
Carrying amount at beginning of year, net of accumulated depreciation		**39,065**	-
Acquisition of controlled entity	**20**	**36,495**	-
Additions		**31,446**	42,003
Disposals		**(24,522)**	-
Depreciation charge	**3(a)**	**(24,425)**	(2,938)
Exchange differences on translation of foreign operations		**1,600**	-
Carrying amount at end of year, net of accumulated depreciation		**59,659**	39,065

11. OTHER FINANCIAL ASSETS (NON-CURRENT)

	Note	2014 $	2013 $
Security deposit		**90,378**	10,900
		90,378	10,900

12. TRADE AND OTHER PAYABLES

	Note	2014 $	2013 $
Trade creditors		**79,113**	22,237
Accrued expenses		**175,512**	24,240
		254,625	57,217

13. DEFERRED CONSIDERATION PAYABLE

	Note	2014 $	2013 $
Deferred consideration payable[1]		**1,011,727**	-
		1,011,727	-

Notes:
[1] Deferred consideration of US$1,000,000 is payable by the Company on or before 28 March 2015 in relation to its acquisition of the Buck Creek Thermal Coal Project.

14. PROVISIONS

	Note	2014 $	2013 $
Annual leave provision		**27,039**	10,939
		27,039	10,939

15. CONTRIBUTED EQUITY

	Note	2014 $	2013 $
(a) Issued and Unissued Capital			
125,083,334 fully paid ordinary shares (30 June 2013: 61,083,334)	**15(b)**	**24,725,079**	10,400,784
		24,725,079	10,400,784

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(b) Movements in Ordinary Shares During the Past Two Years Were as Follows:

Date	Details	Number of Ordinary Shares	Issue Price $	$
01-Jul-13	**Opening balance**	**61,083,334**	**-**	**10,400,784**
16-Oct-13	Acquisition of controlled entity (refer to note 20)	**61,000,000**	**$0.22**	**13,420,000**
21-May-14	Share placement	**3,000,000**	**$0.32**	**960,000**
21-May-14	Share issue costs	**-**		**(55,705)**
30-Jun-14	**Closing balance**	**125,083,334**	**-**	**24,725,079**
01-Jul-12	**Opening balance**	1	-	(26,352)
31-Aug-12	Share placement	6,000,000	$0.0067	40,200
07-Sep-12	Share placement	1,750,000	$0.01	17,500
20-Dec-12	Repayment of loan from Silver Lake Resources Ltd (refer to note 18(c))	20,000,000	$0.06	1,200,000
20-Dec-12	Share placement	33,333,333	$0.30	10,000,000
20-Dec-12	Share issue costs	-	-	(830,564)
30-Jun-13	**Closing balance**	61,083,334	-	10,400,784

(c) Rights Attaching to Ordinary Shares:

The rights attaching to fully paid ordinary shares ("**Shares**") arise from a combination of the Company's Constitution, statute and general law.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

(i) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the Directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

(ii) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is two shareholders.

The Company holds annual general meetings in accordance with the Corporations Act 2001 and the Listing Rules.

(iii) Voting

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

15. CONTRIBUTED EQUITY (Continued)

(c) Rights Attaching to Ordinary Shares (Continued):

(iv) Voting (Continued)

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(v) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(vi) Listing Rules

Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

16. RESERVES

	Note	30 June 2014	30 June 2013
Share based payments reserve	**16(b)**	**581,941**	-
Foreign currency translation reserve		**(58,026)**	5,175
		523,915	5,175

(a) Nature and Purpose of Reserves

(i) Share-based payments reserve

The share-based payments reserve is used to record the fair value of Incentive Options and Performance Rights issued by the Group.

(ii) Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(v). The reserve is recognised in the Statement of Profit or Loss and other Comprehensive Income when the net investment is disposed of.

(b) Movements in share-based payments reserve during the past two years were as follows:

Date	Details	Number of Options	Number of Rights	$
1 Jul 2012	**Opening Balance**	**2,250,000**	**-**	**-**
6 Sept 2013	Grant of employee incentive securities	150,000	-	-
21 Nov 2013	Grant of employee incentive securities	1,500,000	3,950,000	-
31 Jan 2014	Grant of employee incentive securities	-	450,000	-
30 Jun 2014	Recognition of share based payments	-	-	581,941
30 Jun 2014	**Closing Balance**	**3,900,000**	**4,400,000**	**581,941**

(c) Terms and Conditions of Incentive Options

The Incentive Options are granted based upon the following terms and conditions:

- Each Incentive Option entitles the holder to the right to subscribe for one Ordinary Share upon the exercise of each Incentive Option;
- The Incentive Options have the following exercise prices and expiry dates:
  - 1,500,000 Incentive Options exercisable at $0.20 each on or before 31 December 2016;
  - 150,000 Incentive Options exercisable at $0.30 each on or before 31 December 2016;
  - 2,250,000 Incentive Options exercisable at $0.30 each on or before 31 August 2017; and
  - 1,500,000 Incentive Options exercisable at $0.45 each on or before 30 June 2018.
- The Incentive Options are exercisable at any time prior to the Expiry Date, subject to vesting conditions being satisfied (if applicable);
- Ordinary Shares issued on exercise of the Incentive Options rank equally with the then Ordinary Shares of the Company;
- Application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon the exercise of the Incentive Options;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Incentive Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction; and
- No application for quotation of the Incentive Options will be made by the Company.

(d) Terms and Conditions of Performance Rights

The Performance Rights are granted based upon the following terms and conditions:

- Each Performance Right automatically converts into one Ordinary Share upon vesting of the Performance Right;
- Each Performance Right is subject to performance conditions (as determined by the Board from time to time) which must be satisfied in order for the Performance Right to vest;
- The Performance Rights have the following expiry dates:
  - 900,000 Performance Rights expiring on 31 December 2014;
  - 700,000 Performance Rights expiring on 31 December 2015;
  - 1,050,000 Performance Rights expiring on 31 December 2016; and
  - 1,750,000 Performance Rights expiring on 31 December 2017.
- Ordinary Shares issued on conversion of the Performance Rights rank equally with the then Ordinary Shares of the Company;
- Application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon conversion of the Performance Rights;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Performance Right holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction; and
- No application for quotation of the Performance Rights will be made by the Company.

17. ACCUMULATED LOSSES

	2014 $	*Restated* 2013 $
Balance at 1 July (originally stated)	**(686,404)**	(25,389)
Change in accounting policy opening balance adjustment	**(1,385,353)**	(177,760)
At 1 July (*restated)*	**(2,071,757)**	(203,149)
Net loss for the year attributable to members of Paringa Resources Limited	**(4,159,099)**	(1,868,608)
Balance at 30 June	**(6,230,856)**	(2,071,757)

18. STATEMENT OF CASH FLOWS

(a) Reconciliation of the Loss after Tax to the Net Cash Flows from Operations

	Note	2014 $	*Restated* 2013 $
Net profit/(loss) for the year		**(4,159,099)**	(1,868,608)
Adjustment for non-cash income and expense items			
Depreciation of plant and equipment	**10**	**24,425**	2,938
Loss on disposal of plant and equipment		**24,022**	-
Impairment of exploration asset	**9**	**218,618**	-
Share based payment expense	**24**	**581,941**	-
Items paid through Silver Lake Loan		**-**	428,861
Change in operating assets and liabilities			
(Increase) in trade and other receivables		**(6,527)**	(109,722)
(Increase) in prepayments		**-**	(6,962)
Increase in trade and other payables		**55,012**	29,552
Increase in provisions		**16,100**	10,939
Net cash outflow from operating activities		**(3,245,508)**	(1,513,002)

(b) Reconciliation of Cash

		2014 $	2013 $
Cash at bank and on hand		**561,985**	307,091
Deposits at call		**3,950,000**	7,700,000
		4,511,985	8,007,091

(c) Non-cash Financing and Investing Activities

30 June 2014

On 16 October 2013, the Company issued 61,000,000 Ordinary Shares as consideration for the acquisition of Hartshorne Coal Mining Limited. Refer to Note 20 for further details.

30 June 2013

Expenditure for exploration and evaluation on the statement of cash flow excludes items paid for by Silver Lake on behalf of the Group through its loan to the Group, which was $202,435 for exploration and evaluation items during the year ended 30 June 2013.

The loan advanced by Silver Lake Resources Limited was for $1,200,000, however $252,856 was in cash and the remainder was paid directly to third parties on behalf of Paringa. Thus the proceeds from share issues on the statement of cash flows compared to the statement of financial position is lower by $947,144. The amount of share issue costs paid by Silver Lake was $257,887, thus this is also excluded within the statement of cash flow.

19. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2014 $	*Restated* 2013 $
Net loss attributable to members of the Parent Entity used in calculating basic and diluted earnings per share	**(4,159,099)**	(1,868,608)

	Number of Ordinary Shares 2014	Number of Ordinary Shares 2013
Weighted average number of Ordinary Shares used in calculating basic and diluted loss per share	**104,403,881**	35,109,361

(a) Non-Dilutive Securities

As at balance date, 5,400,000 Incentive Options and 4,400,000 Performance Rights (which represent 9,800,000 potential Ordinary Shares) were considered non-dilutive as they would decrease the loss per share.

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2014

Since 30 June 2014, the Company has issued 12,500,000 ordinary shares at an issue price of $0.40 per share.

Other than as outlined above, there have been no other conversions to, calls of, or subscriptions for Ordinary Shares or issues of potential Ordinary Shares since the reporting date and before the completion of this financial report.

20. ACQUISITION OF CONTROLLED ENTITY

On 16 October 2013, the Group completed the acquisition of Hartshorne Coal Mining Limited ("**Hartshorne**") which holds the Buck Creek and Arkoma Coal Projects located in the USA. The transaction has been accounted for as an asset acquisition in accordance with the Group's accounting policy for exploration and evaluation expenditure considering AASB 3 Business Combinations and the nature of the Asset being acquired.

The total cost of the acquisition was $13,512,258 and comprised of an issue of equity instruments and costs directly attributable to the transaction. The fair values of net assets acquired at the date of acquisition were:

	Note	16 October 2013 $
Net assets acquired:		
Cash and cash equivalents		139,388
Trade and other receivables		9,805
Exploration and evaluation assets	**9**	15,358,092
Property plant and equipment	**10**	36,495
Trade and other payables		(141,101)
Borrowings		(100,000)
Deferred consideration payable [1]		(1,790,421)
		13,512,258
Cost of the acquisition:		
61,000,000 fully paid ordinary shares [2]	**15(b)**	13,420,000
Directly attributable costs		92,258
		13,512,258
Net cash inflow on acquisition:		
Net cash acquired		139,388
Cash cost of the acquisition		(92,258)
		47,130

Notes:

[1] Deferred consideration is made up of US$750,000 which was paid by the Group by 28 March 2014 and a further payment of US$1,000,000 is payable by the Group on or before 28 March 2015 in relation to the Buck Creek Project. At the date of the acquisition by Hartshorne, the fair value of these deferred consideration payments were estimated to be US$1,705,000 (A$1,790,421 at 16 October 2013).

[2] The fair value of fully paid ordinary shares issued at the acquisition date has been determined based on the closing share price of the Company as quoted on the ASX on 16 October 2013 being $0.22 per ordinary share.

21. RELATED PARTIES

(a) Subsidiaries

Name	Country of Incorporation	% Equity Interest 2014 %	% Equity Interest 2013 %
Hartshorne Coal Mining Pty Ltd	Australia	100	-
HCM Resources Pty Ltd	Australia	100	-
Hartshorne Holdings LLC	USA	100	-
Hartshorne Mining Group LLC	USA	100	-
Hartshorne Mining LLC	USA	100	-
Hartshorne Land LLC	USA	100	-
HCM Operations LLC	USA	100	-
Paringa Mineracao Limitada	Brazil	100	100

(b) Ultimate Parent

Paringa Resources Limited is the ultimate parent of the Group.

(c) Key Management Personnel

Details relating to Key Management Personnel, including remuneration paid, are included at Note 22.

(d) Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Key Management Personnel, including remuneration, are included at Note 22.

22. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The KMP of the Group during or since the end of the financial year were as follows:

Directors

Mr Ian Middlemas	Chairman (appointed 16 October 2013)
Mr Anastasios Arima	Executive Director (appointed 16 October 2013)
Mr David Chapman	Non-Executive Director (Executive Director until 30 June 2014)
Mr David Griffiths	Non-Executive Director
Mr Todd Hannigan	Non-Executive Director (appointed 21 May 2014)
Mr Thomas Todd	Alternative Director to Mr Todd Hannigan (appointed 21 May 2014)
Mr Luis Azevedo	Non-Executive Director (resigned 16 October 2013)

Other KMP

Mr David Gay	Chief Executive Officer (appointed 16 October 2013)
Mr Mathew Haaga	Chief Operating Officer (appointed 16 October 2013)
Mr James Plaisted	Vice President Coal Sales and Marketing (appointed 16 June 2014)
Mr Rick Kim	General Manager (appointed 21 July 2014)
Mr Mark Pearce	Director of Hartshorne Mining Pty Ltd (appointed 16 October 2013)
Mr Nathan Ainsworth	Business Development Manager (appointed 1 February 2014)
Mr Greg Swan	Company Secretary (appointed 25 November 2013)
Mr Nicholas Day	Company Secretary (resigned 25 November 2013)

Unless otherwise disclosed, the KMP held their position from 1 July until the date of this report.

22. KEY MANAGEMENT PERSONNEL (Continued)

	Note	2014 $	2013 $
Short-term employee benefits		**1,013,698**	691,261
Post-employment benefits		**46,647**	26,660
Share-based payments		**547,755**	-
Total compensation		**1,608,100**	717,921

(b) Loans with Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2014 (2013: Nil).

(c) Related Party Transactions with Key Management Personnel

30 June 2014:

Apollo Group Pty Ltd, a Company of which Mr Pearce is a director and beneficial shareholder, was paid $112,000 for the provision of serviced office facilities and administration services during the year, which was fully paid as of the reporting date. The amount is based on a monthly retainer of $16,000 per month due and payable in advance, with no fixed term ($20,000 per month effective from 1 July 2014).

FFA Legal, a partnership in which Mr Azevedo is a partner, was paid $72,135 for the provision of legal, accounting and tenement management services during the year to the Company, which was fully paid as of the reporting date.

30 June 2013:

Silver Lake Resources Limited entered into a loan agreement to provide an unsecured, interest free loan of $1,200,000 to the Company. On the date of the Company's admission to the ASX, the loan was converted into 20 million fully paid shares at $0.06 per share.

Parati Pty Ltd, a Company in which David Chapman is a Director, provided technical consulting services to the Company during the year to the value of $132,892 which was fully paid as of the reporting date.

FFA Legal, a partnership in which Luis de Azevedo is a partner, provided legal, accounting and tenement management services during the year to the Company to the value of $149,604 which was fully paid as of the reporting date.

Gryphon Management Australia Pty Ltd, a Company in which David Griffiths is a Director provided investor relations services to the Company during the year to the value of $13,875 which was fully paid as of the reporting date.

23. PARENT ENTITY DISCLOSURES

	Notes	2014 $	*Restated* 2013 $
(a) Financial Position			
Assets			
Current assets		**4,277,264**	8,133,775
Non-current assets		**14,908,971**	1,752,349
Total assets		**19,186,235**	9,886,124
Liabilities			
Current liabilities		**168,097**	30,273
Total liabilities		**168,097**	30,273
Equity			
Contributed equity		**24,725,079**	10,400,784
Accumulated losses		**(6,288,882)**	(2,071,757)
Reserves		**581,941**	-
Total equity		**19,018,138**	9,855,851
(b) Financial Performance			
Profit/(loss) for the year		**(4,217,125)**	(1,863,433)
Other comprehensive income/(loss)		**-**	-
Total comprehensive income/(loss)		**(4,217,125)**	(1,863,433)

(c) Other information

The Company has not entered into any guarantees in relation to its subsidiaries.

Refer to Note 28 for details of contingent assets and liabilities.

24. SHARE-BASED PAYMENTS

(a) Recognised Share-based Payment Expense

From time to time, the Group provides Incentive Options and Performance Rights to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options or rights granted, and the terms of the options or rights granted are determined by the Board. Shareholder approval is sought where required. During the past two years, the following equity-settled share-based payments have been recognised:

	2014 $	2013 $
Expense arising from equity-settled share-based payment transactions	**581,941**	-

24. SHARE-BASED PAYMENTS (Continued)

(b) Summary of Incentive Options and Rights Granted as Share-based Payments

The following table illustrates the number and weighted average exercise prices (WAEP) of Incentive Options granted as share-based payments at the beginning and end of the financial year:

	2014 Number	2014 WAEP	2013 Number	2013 WAEP
Outstanding at beginning of year	**2,250,000**	**0.300**	-	-
Granted by the Company during the year	**1,650,000**	**0.209**	2,550,000	-
Forfeited/cancelled/lapsed/expired	**-**	**-**	(300,000)	-
Exercised during the year	**-**	**-**	-	-
Outstanding at end of year	**3,900,000**	**0.262**	2,250,000	0.300

In addition to the Options movements outlined above, a total of 4,400,000 Performance Share Rights were granted during the year (nil exercise price). Further details are included below. No Performance Share Rights were in existence as at 30 June 2013.

The following Incentive Options and Performance Rights were granted as share-based payments during the past two years:

Option Series	Issuing Entity	Security Type	Number	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value $
Series 1	Paringa Resources Limited	Options	2,250,000	31-Aug-12	31-Aug-17	0.30	-
Series 2[1]	Paringa Resources Limited	Options	300,000	7-Sept-12	7-Sep-17	0.30	-
Series 3	Paringa Resources Limited	Options	150,000	2-Sept-13	31-Dec-16	0.30	0.062
Series 4	Paringa Resources Limited	Options	1,500,000	19-Nov-13	31-Dec-16	0.20	0.189
Series 5	Paringa Resources Limited	Rights	3,950,000	19-Nov-13	31-Dec-17	Nil	0.255
Series 6	Paringa Resources Limited	Rights	450,000	31-Jan-14	31-Dec-17	Nil	0.250

1: Following the resignation of a Director, these options were cancelled.

(c) Weighted Average Remaining Contractual Life

At 30 June 2014, the weighted average remaining contractual life of Incentive Options on issue that had been granted as share-based payments was 3.09 years (2013: 3.39 years).

(d) Range of Exercise Prices

At 30 June 2014, the range of exercise prices of Incentive Options on issue that had been granted as share-based payments was $0.20 to $0.30 (2013: $0.30).

(e) Weighted Average Fair Value

The weighted average fair value of Incentive Options granted as share-based payments by the Group during the year ended 30 June 2014 was $0.177 (2013: Nil).

(f) Option and Performance Share Right Pricing Model

The fair value of the equity-settled share options and performance share rights granted is estimated as at the date of grant using the Binomial option valuation model taking into account the terms and conditions upon which the options and performance share rights were granted.

The table below lists the inputs to the valuation model used for share options and performance share rights granted by the Group during the last two years:

Inputs	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6
Exercise price	$0.30	$0.30	$0.30	$0.20	-	-
Grant date share price	-	-	$0.11	$0.255	$0.255	$0.25
Dividend yield[1]	-	-	-	-	-	-
Volatility[2]	70%	70%	115%	115%	-	-
Risk-free interest rate	2.6%	2.6%	2.8%	3.02%	-	-
Grant date	31-Aug-12	7-Sep-12	6-Sep-13	19-Nov-13	19-Nov-13	31-Jan-14
Issue date	31-Aug-12	7-Sep-12	12-Jul-13	12-Jul-13	19-Nov-13	31-Jan-14
Expiry date	31-Aug-17	7-Sep-2017	31-Dec-16	31-Dec-16	31-Dec-17	31-Dec-17
Expected life of option[3]	5 years	5 years	3.33 years	3.12 years	-	-
Fair value at grant date	-	-	$0.062	$0.189	$0.255	$0.25

Notes:

1 The dividend yield reflects the assumption that the current dividend payout will remain unchanged.

2 The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

3 The expected life of the options is based on the expiry date of the options as there is limited track record of the early exercise of options.

25. AUDITORS' REMUNERATION

The auditor of Paringa Resources Limited is Deloitte Touche Tohmatsu (2013: Grant Thornton Audit Pty Ltd)

	2014 $	2013 $
Amounts received or due and receivable by Deloitte Touche Tohmatsu (2013: Grant Thornton Audit Pty Ltd) for:		
• an audit or review of the financial report of the entity and any other entity in the consolidated group	**29,000**	27,032
• Other services (Investigating Accountants Report for Prospectus)	**-**	10,000
	29,000	37,032

26. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

(a) Reconciliation of Non-current Assets by geographical location

	Note	2014 $	*Restated* 2013 $
United States of America		**15,735,578**	-
Brazil		**953**	257,683
Australia		**8,070**	10,900
		15,744,601	268,583

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Overview

The Group's principal financial instruments comprise receivables, payables, security deposits, cash and short-term deposits. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, security deposits and trade and other receivables.

There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2014 $	2013 $
Cash and cash equivalents	**4,511,985**	8,007,091
Trade and other receivables	**44,512**	116,684
	4,556,497	8,123,775

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Where possible, the Group invests its cash and cash equivalents with banks that are rated the equivalent of investment grade and above. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant customers and accordingly does not have significant exposure to bad or doubtful debts.

Trade and other receivables comprise trade receivables, interest accrued and GST refunds due. Where possible the Consolidated Entity trades only with recognised, creditworthy third parties. It is the Group's policy that, where possible, customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. At 30 June 2014, none (2013: Nil) of the Group's receivables are past due.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2014 and 2013, the Group had sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
2014 **Group**					
Financial Assets					
Cash and cash equivalents	**4,511,985**	**-**	**-**	**-**	**4,511,985**
Trade and other receivables	**44,512**	**-**	**-**	**-**	**44,512**
Other current assets	**431**	**10,000**	**-**	**-**	**10,431**
	4,556,928	**10,000**	**-**	**-**	**4,566,928**
Financial Liabilities					
Trade and other payables	**227,272**	**27,039**	**-**	**-**	**254,311**
Deferred consideration payable	**-**	**1,011,727**	**-**	**-**	**1,011,727**
	227,272	**1,038,766**	**-**	**-**	**1,266,038**

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity Risk (Continued)

	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
2013 Group					
Financial Assets					
Cash and cash equivalents	3,007,091	5,000,000	-	-	8,007,091
Trade and other receivables	116,684	-	-	-	116,684
Other current assets	-	10,000	10,900	-	20,900
	3,123,775	5,010,000	10,900	-	8,144,675
Financial Liabilities					
Trade and other payables	57,217	10,939	-	-	68,156
	57,217	10,939	-	-	68,156

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2014 $	2013 $
Interest-bearing financial instruments		
Cash at bank and on hand	**561,985**	307,091
Deposits at Call	**3,950,000**	7,700,000
	4,511,985	8,007,091

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 3.58% (2013: 3.76%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of 1% (100 basis points) has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% (100 basis points) movement in interest rates at the reporting date would have increased/(decreased) Profit or Loss and Other Comprehensive Income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit or loss		Other Comprehensive Income	
	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
2014				
Group				
Cash and cash equivalents	**45,119**	**(45,119)**	**45,119**	**(45,119)**
2013				
Group				
Cash and cash equivalents	80,071	(80,071)	80,071	(80,071)

(e) Commodity Price Risk

The Group is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(f) Capital Management

The Group defines its Capital as total equity of the Group, being $19,018,138 for the year ended 30 June 2014 (2013 restated: $8,334,202). The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while financing the development of its projects through primarily equity based financing. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares.

The Group is not subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year. During the next 12 months, the Group will continue to explore project financing opportunities, primarily consisting of additional issues of equity.

(g) Fair Value

At 30 June 2014 and 30 June 2013 the Group has no material financial assets and liabilities that are measured at fair value on a recurring basis.

All financial assets and financial liabilities of the Group at the reporting date are recorded at amounts approximating their carrying amount due to their short term nature. No financial instruments are subsequently carried at fair value.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(h) Foreign Currency Risk

As a result of activities overseas, the Group's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income can be affected by movements in exchange rates. The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.

The Group's exposure to foreign currency risk throughout the current and prior year primarily arose from controlled entities of the Company whose functional currency is the US Dollars ("**USD**"). Foreign currency risk arises on translation of the net assets of a controlled entity to Australian dollars. In the Group accounts, the foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve.

It is the Group's policy not to enter into any hedging or derivative transactions to manage foreign currency risk.

At the reporting date, the Group's exposure to financial instruments denominated in foreign currencies was:

2014	USD	AUD	BRL	Total Equivalent AUD
Financial assets				
Cash and cash equivalents	**134,708**	**4,338,536**	**38,741**	**4,511,985**
Trade and other receivables	**-**	**35,096**	**9,416**	**44,512**
Financial liabilities				
Trade and other payables	**(106,494)**	**(141,058)**	**(5,778)**	**(253,330)**
Net exposure	**28,214**	**4,232,583**	**42,379**	**4,303,187**

2013	USD	AUD	BRL	Total Equivalent AUD
Financial assets				
Cash and cash equivalents	-	8,006,228	863	8,007,091
Trade and other receivables	-	113,561	3,123	116,684
Financial liabilities				
Trade and other payables	-	(19,333)	(37,884)	57,217
Net exposure	-	8,100,456	(33,898)	8,066,558

Foreign exchange rate sensitivity

At the reporting date, had the Australian Dollar appreciated or depreciated against the USD, as illustrated in the table below, Profit or Loss and other Comprehensive Income would have been affected by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Other Comprehensive Income	
	10% Increase	10% Decrease	10% Increase	10% Decrease
2014				
Group				
AUD to USD	**2,821**	**(2,821)**	**471,318**	**(471,318)**
AUD to BRL	**4,238**	**(4,238)**	**4,333**	**(4,333)**
2013				
Group				
AUD to USD	-	-	-	-
AUD to BRL	28,762	(28,762)	31,195	(31,195)

28. CONTINGENT ASSETS AND LIABILITIES

(i) Contingent Assets

As at the date of this report, no contingent assets had been identified in relation to the 30 June 2013 financial year.

(ii) Contingent Liability

Buck Creek Coal Project Deferred Consideration

On 16 October 2013, the Group acquired Hartshorne which itself had acquired the Buck Creek Project on 28 March 2013. In accordance with the terms of the acquisition a further payment of US$9,770,096 is to be made by 28 March 2016 to complete the acquisition of the Buck Creek Project, and the vendor is entitled to a royalty equal to 0.5% of the sales revenue generated from the sale of coal produced from Buck Creek. As the further payment of US$9,770,096 is to be paid at the Group's option only if it elects to complete the acquisition, no provision for any liability has been recognised in these financial statements for these payments.

29. COMMITMENTS

Management have identified the following material commitments for the consolidated group as at 30 June 2014 and 30 June 2013:

2013	Note	Payable within 1 year $	Payable within 1 year less than 5 years $	Total $
Lease commitments				
Operating lease	**26(a)**	44,673	22,881	67,554
Total Commitments		44,673	22,881	67,554

(a) Lease commitments

During the 2013 financial year the Group entered into a commercial lease on its office premises. The lease had an initial term of 2 years and expired on 14 January 2015. During the current year, the lease was assigned to another party.

30. EVENTS SUBSEQUENT TO BALANCE DATE

(i) On 29 July 2014, the Company announced that it had completed a placement to raise A$5,000,000 (before costs) from the issue of 12,500,000 shares primarily to institutional and sophisticated investors.

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2014, of the Consolidated Entity.

DIRECTORS' DECLARATION

PARINGA RESOURCES LIMITED

In accordance with a resolution of the Directors of Paringa Resources Limited:

1. In the opinion of the Directors:

   (a) the attached financial statements, notes and the additional disclosures included in the Directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

      (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and
      (ii) section 297 (gives a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group); and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1(b) to the financial statements.

3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the Board

ANASTASIOS ARIMA
Executive Director

26 September 2014

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Paringa Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Paringa Resources Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 28 to 67.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Paringa Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Paringa Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 24 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Paringa Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

D Newman

David Newman
Partner
Chartered Accountants
Perth, 26 September 2014

The Board of Directors of Paringa Resources Limited is responsible for its corporate governance, that is, the system by which the Group is managed.

1. Board of Directors

1.1 Role of the Board and Management

The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- appointing and removing the Managing Director and any other executives and approving their remuneration;
- appointing and removing the Company Secretary / Chief Financial Officer and approving their remuneration;
- determining the strategic direction of the Group and measuring performance of management against approved strategies;
- review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- monitoring the Group's medium term capital and cash flow requirements;
- approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

1.2 Composition of the Board and New Appointments

The Company currently has the following Board members:

• Mr Ian Middlemas	Chairman
• Mr Anastasios Arima	Executive Director
• Mr David Chapman	Non-Executive Director
• Mr David Griffiths	Non-Executive Director
• Mr Todd Hannigan	Non-Executive Director
• Mr Thomas Todd	Alternate Director for Todd Hannigan

Details of the directors, including their qualifications, experience and date of appointment are set out in the Directors' Report.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any shareholding qualification.

The Board has assessed the independence status of the directors and has determined that there is three independent directors, being Messrs Middlemas, Griffiths, and Hannigan.

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the independence of the directors which define an independent director to be a director who:

- is non-executive;
- is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than five percent of either the net assets of the Company or an individual director's net worth is considered material for these purposes.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically to determine the optimum number of directors required for the Board to properly perform its responsibilities and functions.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of directors (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

1.3 Committees of the Board

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Group's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Group's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

1.4 Conflicts of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

1. Board of Directors (Continued)

1.5 Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Group's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

2. Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

2.1 Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- a director must act honestly, in good faith and in the best interests of the Company as a whole;
- a director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- a director must use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- a director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company;
- a director must not make improper use of information acquired as a director;
- a director must not take improper advantage of the position of director;
- a director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company;
- a director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board;
- confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law;
- a director should not engage in conduct likely to bring discredit upon the Company; and
- a director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

2.2 Code of Ethics and Conduct

The Group has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Group.

All employees and directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Group information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Group's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

2.3 Dealings in Company Securities

The Group's Securities Trading Policy imposes trading restrictions on when KMP and other employees of the Group may deal in the Company's securities, in order to reduce the risk of insider trading.

The Securities Trading Policy prohibits KMP and other employees from dealing in the Company's securities if he or she has information that he or she knows, or ought to reasonably know, is inside information. 'Inside information' is information that is not generally available and if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

The Securities Trading Policy also provides prescribed closed periods during which KMP are prohibited from dealing in the Company's securities (subject to certain limited exceptions). The 'closed periods' are based around the release of material information including results from feasibility studies, exploration and corporate activities.

In addition, if an employee (including a KMP) has information that he or she knows, or ought reasonably to know, is inside information, the employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to deal in the Company's securities or procure another person to deal in the Company's securities. This prohibition applies regardless of how the employee learns the information (e.g. even if the employee overhears it or is told in a social setting).

KMP must obtain written clearance from an approving officer at least 2 business days prior when a KMP intends to deal in Company securities. KMP must then notify the Company Secretary of any dealings in the Company's securities within 2 business days of such deal occurring.

The Company also prohibits KMP entering into arrangements to limit their exposure to Company securities granted as part of the KMP's remuneration package.

Breaches of this policy will be subject to disciplinary action, including dismissal in serious cases.

These restrictions have been developed having regard to the current nature of the Company's activities, being exploration and development rather than production. Should the Company move into production, then the policy may be amended to restrict trading of securities during certain periods prior to the release of financial and operating results.

2.4 Interests of Other Stakeholders

The Group's objective is to leverage into resource projects to provide a solid base in the future from which the Group can build its resource business and create wealth for shareholders. The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

To assist in meeting its objective, the Group conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

3. Workplace Diversity

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people.

The Company's policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

3. Workplace Diversity (Continued)

The Company's strategies are to:

- recruit and manage on the basis of an individual's competence, qualification and performance;
- create a culture that embraces diversity and that rewards people to act in accordance with this policy;
- appreciate and respect the unique aspects that individual brings to the workplace;
- foster an inclusive and supportive culture to enable people to develop to their full potential;
- identify factors to be taken into account in the employee selection process to ensure we have the right person for the right job;
- take action to prevent and stop discrimination, bullying and harassment; and
- recognize that employees at all levels of the Company may have domestic responsibilities.

The Board is accountable for ensuring this policy is effectively implemented. Each employee has a responsibility to ensure that these objectives are achieved.

At the date of this report the Company has no female senior executives or directors. At the date of this report the Company had 10 male and 2 female employees and full-time equivalent employees.

4. Disclosure of Information

4.1 Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed if:

a) It is not material and a reasonable person would not expect the information to be disclosed, or it is material but due to a specific valid commercial reason is not to be disclosed; and
b) The information is confidential; or
c) One of the following applies:
   i. It would breach a law or regulation to disclose the information;
   ii. The information concerns an incomplete proposal or negotiation;
   iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
   iv. The information is generated for internal management purposes;
   v. The information is a trade secret;
   vi. It would breach a material term of an agreement, to which the Group is a party, to disclose the information;
   vii. The information is scientific data that release of which may benefit the Group's potential competitors.

The Managing Director is responsible for interpreting and monitoring the Group's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

4.2 Communication with Shareholders

The Group places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Financial Reports;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Group also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

5. Risk Management and Internal Control

5.1 Approach to Risk Management and Internal Control

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Group's approach to creating long-term shareholder value.

The Group operates a standardised risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) and the Committee of Sponsoring Organisations of the US Treadway Comion (COSO) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

The Group has developed a series of operational risks which the Group believes to be inherent in the industry in which the Group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- fluctuations in commodity prices and exchange rates;
- accuracy of mineral reserve and resource estimates;
- reliance on licenses, permits and approvals from governmental authorities;
- ability to obtain additional financing;
- acquisition of new business opportunities; and
- changed operating, market or regulatory environments.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

5.2 Risk Management Roles and Responsibilities

Management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board annually, or more frequently as required, on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that management has developed and implemented a sound system of risk management and internal control.

In 2014 the Board reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks.

5.3 Integrity of Financial Reporting

The Board also receives a written assurance from the Chief Executive Officer or equivalent (CEO) and the Chief Financial Officer or equivalent (CFO) that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

5.4 Role of External Auditor

The Group's practice is to invite the auditor (who now must attend) to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

6. Performance Review

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees (if any) during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance;
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group;
- an analysis of the Group's prospects and projects; and
- a review of feedback obtained from third parties, including advisors.

The Remuneration Report discloses the process for evaluating the performance of senior executives, including the Managing Director.

In 2014, performance evaluations for senior executives took place in accordance with the process disclosed above and in the Remuneration Report.

7. Remuneration Arrangements

The broad remuneration policy is to ensure that remuneration properly reflects the relevant persons duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

In addition to the above, the Group has developed a limited equity-based remuneration arrangement for key executives and consultants.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to non-executive directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

8. Compliance with ASX Corporate Governance Recommendations

During the 2014 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Recommendation Reference	Notification of Departure	Explanation for Departure
2.4	A separate Nomination Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.
3.2, 3.3	Measurable objectives for achieving gender diversity have not been set	The Company has adopted a diversity policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. The Board considers that the Company is not currently of a size to state measurable objectives for achieving gender diversity.
4.1, 4.2, 4.3	A separate Audit Committee has not been formed and there is not an Audit Committee operating charter.	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.
8.1	A separate Remuneration Committee has not been formed.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company.

As the Company's activities increase in size, scope and/or nature, the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

ASX ADDITIONAL INFORMATION

1. TWENTY LARGEST HOLDERS OF LISTED SECURITIES

The names of the twenty largest holders of listed securities as at 30 September 2014 are listed below:

Name	Number of Ordinary Shares	Percentage of Ordinary Shares
Silver Lake Resources Limited	16,000,000	11.63
Moshos Family Investments Pty Ltd <Moshos Family A/C>	14,825,000	10.78
Bouchi Pty Ltd	11,400,000	8.29
Arredo Pty Ltd	8,200,000	5.96
Mr Mark Pearce + Mrs Natasha Pearce <NMLP Family A/C>	5,000,000	3.63
Silver Lake Resources Limited	4,764,683	3.46
J P Morgan Nominees Australia Limited	3,235,170	2.35
Parati Pty Ltd <Parati A/C>	3,000,000	2.18
T2 Resources Pty Limited	3,000,000	2.18
Mr David Gay	2,300,000	1.67
Galena Hill Investments Pty Ltd	2,250,000	1.64
Citicorp Nominees Pty Limited	2,246,788	1.63
Mr Terry Patrick Coffey + Hawkes Bay Nominees Limited <Williams Family No 2 A/C>	1,623,685	1.18
Mr Luis Mauricio Ferraiuoli Azevedo	1,500,000	1.09
Mr Paulo Ilidio Brito	1,500,000	1.09
Chapman Hill Investments Pty Ltd	1,500,000	1.09
Enerview Pty Ltd	1,500,000	1.09
Nefco Nominees Pty Ltd	1,500,000	1.09
AWJ Family Pty Ltd <Angus W Johnson Family A/C>	1,000,000	0.73
Mr Jonathan David King	966,667	0.70
Total Top 20	**87,311,993**	**63.46**
Others	50,271,341	36.54
Total Ordinary Shares on Issue	**137,583,334**	**100.00**

2. DISTRIBUTION OF EQUITY SECURITIES

An analysis of numbers of holders of listed securities by size of holding as at 30 September 2014 is listed below:

	Ordinary Shares	
Distribution	Number of Shareholders	Number of Ordinary Shares
1 – 1,000	10	1,256
1,001 – 5,000	27	96,118
5,001 – 10,000	157	1,270,562
10,001 – 100,000	383	16,186,416
More than 100,000	117	120,028,982
Totals	**694**	**137,583,334**

There were 12 holders of less than a marketable parcel of Ordinary Shares.

3. VOTING RIGHTS

See Note 15(c) of the Notes to the Financial Statements.

4. SUBSTANTIAL SHAREHOLDERS

Substantial holders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are as follows:

Distribution	Number of Ordinary Shares
Silver Lake Resources Limited	20,764,683
Moshos Family Investments Pty Ltd	14,825,000
Bouchi Pty Ltd	11,400,000
Arredo Pty Ltd	8,200,000

5. UNQUOTED SECURITIES

The names of the security holders holding 20% or more of an unlisted class of security are listed below:

Holder	$0.20 Share Options Expiring 31-Dec-16	$0.30 Share Options Expiring 31-Dec-16	$0.30 Share Options Expiring 31-Aug-17	$0.45 Share Options Expiring 30-Jun-18	Share Rights Expiring 31-Dec-14	Share Rights Expiring 31-Dec-15	Share Rights Expiring 31-Dec-16	Share Rights Expiring 31-Dec-17
Mr David Gay	1,500,000	-	-	-	500,000	400,000	600,000	1,000,000
Mr Matthew Haaga	-	-	-	-	200,000	160,000	240,000	400,000
T2 Resources Pty Ltd	-	-	-	1,500,000	-	-	-	-
Parati Pty Ltd	-	-	1,000,000	-	-	-	-	-
Mr Paulo Ilidio Brito	-	-	500,000	-	-	-	-	-
Mr Luis Azevedo	-	-	500,000	-	-	-	-	-
Mr Nicholas Day	-	100,000		-	-	-	-	-
Ms Emma Curnow	-	50,000		-	-	-	-	-
Others (less than 20%)	-	-	250,000	-	200,000	140,000	210,000	350,000
Total	**1,500,000**	**150,000**	**2,250,000**		**1,500,000**	**1,500,000**	**1,500,000**	**1,500,000**
Total holders	*1*	*2*	*4*	*1*	*4*	*4*	*4*	*4*

6. RESTRICTED SECURITIES

As at 30 September 2014 following securities are subject to escrow restrictions:

Restricted Security	Number of Restricted Securities	Date that Escrow Period Ends
Ordinary Shares	61,000,000	16 November 2014
Ordinary Shares	22,191,667	20 December 2014

7. ON-MARKET BUY BACK

There is currently no on-market buyback program for any of Paringa Resources Limited's listed securities.

8. APPLICATION OF FUNDS FROM INITIAL PUBLIC OFFERING

Since the Company's securities were listed on ASX in December 2012, the Company has used funds raised by its initial public offering in a manner that is consistent with its stated purposes of the initial public offering, being to initiate exploration on its existing mineral exploration projects, pursue other new mineral exploration opportunities, fund the Company's listing on the ASX, and fund working capital, administration and corporate overhead costs of the Company.

9. EXPLORATION INTERESTS

Buck Creek Coal Leases

At 30 September 2014, Paringa controlled approximately 26,428 gross acres (~10,695 ha) of coal leases in Kentucky, USA which comprise the Buck Creek Project. The area is controlled by Paringa through approximately 167 individual coal leases with private mineral owners.

Arkoma Coal Leases

At 30 September 2014, Paringa controlled approximately 14,000 gross acres (~5,600 ha) of coal leases in Arkansas, USA which comprise the Arkoma Project. The area is controlled by Paringa through approximately 400 individual coal leases with private mineral owners.

Brazil Tenements

At 30 September 2014, Paringa had an interest in the following mining tenements in Brazil:

Location	Tenement	Percentage Interest	Status
São Luis Gold Project	851.141/11	100%	Granted
São Luis Gold Project	806.596/11	100%	Application
São Luis Gold Project	851.139/11	100%	Application
Santo Antônio de Pádua Graphite Project	890.779/13	100%	Granted
Santo Antônio de Pádua Graphite Project	890.785/13	100%	Granted
Santo Antônio de Pádua Graphite Project	890.790/13	100%	Granted
Santo Antônio de Pádua Graphite Project	831.809/12	100%	Application
Santo Antônio de Pádua Graphite Project	890.387/12	100%	Application
Santo Antônio de Pádua Graphite Project	890.388/12	100%	Application
Santo Antônio de Pádua Graphite Project	890.389/12	100%	Application
Santo Antônio de Pádua Graphite Project	890.390/12	100%	Application
Santo Antônio de Pádua Graphite Project	890.391/12	100%	Application
Santo Antônio de Pádua Graphite Project	890.392/12	100%	Application
Santo Antônio de Pádua Graphite Project	890.393/12	100%	Application
Santo Antônio de Pádua Graphite Project	890.394/12	100%	Application
Santo Antônio de Pádua Graphite Project	890.395/12	100%	Application
Santo Antônio de Pádua Graphite Project	890.396/12	100%	Application
Santo Antônio de Pádua Graphite Project	890.397/12	100%	Application
São Fidélis Graphite Project	890.400/12	100%	Application
São Fidélis Graphite Project	890.401/12	100%	Application

10. MINERAL RESOURCES STATEMENT

Summary of Coal Resources

The Company's Coal Resources as at 30 June 2014 and 2013, reported in accordance with the 2012 Edition of the JORC Code, are as follows:

Buck Creek Coal Project As at 30 June 2014					Buck Creek Coal Project As at 30 June 2013				
Category	Coal Resource (Mt)	Calorific Value* (kcal/kg)	Ash* (%)	Yield* (%)	Category	Coal Resource (Mt)	Calorific Value* (kcal/kg)	Ash* (%)	Yield* (%)
Measured	32.1	6,564	8.7	92.9	Measured	-	-	-	-
Indicated	104.8	6,564	8.7	92.9	Indicated	-	-	-	-
Inferred	17.5	6,564	8.7	92.9	Inferred	-	-	-	-
Total	**154.4**	**6,564**	**8.7**	**92.9**	**Total**	**-**	**-**	**-**	**-**

* Coal quality specifications include an addition of 4% moisture to the equilibrium moisture which is intended to represent the true moisture of a saleable product (to approximate the as received (AR) basis).

Annual Review of Coal Resources

During the year, the Company reported its maiden Coal Resource estimate for the Buck Creek Coal Project located in the Illinois Coal Basin ("ILB") in Kentucky, USA (refer ASX announcement dated 4 November 2013). As a result of the annual review of the Company's Coal Resources, there has been no change to the Coal Resources reported for the Buck Creek Project.

Governance of Coal Resources

The Company engages external consultants and competent persons (as determined pursuant to the JORC Code) to prepare and calculate estimates of its Coal Resources. Management and the Board review these estimates and underlying assumptions for reasonableness and accuracy. The results of the Coal Resource estimates are then reported in accordance with the requirements of the JORC Code and other applicable rules (including ASX Listing Rules).

Where material changes occur during the year to a project, including project's size, title, exploration results or other technical information then previous resource estimates and market disclosures are reviewed for completeness.

The Company reviews its Coal Resources as at 30 June each year. Where a material change has occurred in the assumptions or data used in previously reported Coal Resources, then where possible a revised Coal Resource estimate will be prepared as part of the annual review process. However, there are circumstance where this may not be possible (e.g. an ongoing drilling programme), in which case a revised Mineral Resource Estimate will be prepared and reported as soon as practicable.

Competent Person Statement

The information in this Mineral Resources Statement that relates to Coal Resources is based on, and fairly represents, information and supporting documentation compiled by Mr Kirt W. Suehs, a Competent Person who is a Member of The American Institute of Professional Geologists. Mr Suehs is employed by Cardno MM&A. Mr Suehs has sufficient experience that is relevant to the style of mineralization 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'. Mr Suehs approves and consents to the inclusion in the Mineral Resources Statement of the matters based on his information in the form and context in which it appears.

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