

MARCH 2021 QUARTERLY REPORT

Paringa Resources Limited (“Paringa” or “Company”) (ASX:PNL) presents its quarterly report for the period ending 31 March 2021.

Onslow gold project

In December 2020, the Company’s wholly owned subsidiary, Onslow Gold Pty Ltd, applied for an exploration licence (E08/3311) in the Pilbara region of Western Australia considered prospective for gold and copper (“Onslow gold project”).

The exploration licence (application pending) covers approximately 115 km² and is located in the north western extension of the Proterozoic Capricorn Orogen where nearby 1990’s historic exploration identified the potential for Proterozoic banded iron formation (“BIF”) hosted Au and Iron Oxide Cu-Au mineralisation.

Following a review of an historic (2006) airborne electromagnetic (“AEM”) survey data that covers the entire tenement, two priority bedrock late time AEM anomalies and two second order late time anomalies have been assessed to be worthy of further exploration.

Paringa will now focus its efforts on exploring the Onslow gold project and has plans to raise additional funds to pursue this purpose (refer below for further details).

Reinstatement to trading on ASX

Paringa is assessing its options to raise additional funds to pursue the exploration of its Onslow gold project and for general working capital requirements, following the dissolution of the Company’s wholly owned subsidiary, Hartshorne Holdings LLC, and its U.S. affiliates (together, “Hartshorne”) in February 2021.

Subject to ASX approval, Paringa has plans to seek shareholder approval for a consolidation of its shares (“Share Consolidation”) and then undertake the capital raising by way of pro-rata entitlements issue and/or share placement to raise a minimum of A\$2.5 million before costs (“Capital Raising”).

To facilitate the Capital Raising, the Company has entered into a deed of release (“Deed of Release”) with Hartshorne’s secured lenders (the “Tribeca Parties”), whereby Hartshorne’s secured lenders will release Paringa from all obligations and liabilities as parent company guarantor to Hartshorne’s US\$40.0 million term loan facility (“Term Loan Facility”) and related finance documents, in return for being issued shares and options in the Company, subject to shareholder approval (“Consideration Securities”). The Deed of Release remains conditional upon completion of the Share Consolidation and Capital Raising, the appointment of two directors nominated by the Tribeca Parties to the Board of Directors of Paringa, and issue of the Consideration Securities to the Tribeca Parties.

The Company’s securities currently remain suspended from trading on the Australian Securities Exchange (“ASX”). Paringa will seek reinstatement to trading on ASX following completion of the Share Consolidation, Capital Raising and Deed of Release.

Kentucky coal project

In February 2021, the United States Bankruptcy Court for the Western District of Kentucky (“Bankruptcy Court”) confirmed Hartshorne’s plan of liquidation which set forth the manner in which Hartshorne would complete its wind down through a liquidation trust. In February 2021, the plan of liquidation became effective, and Hartshorne commenced the final stages of winding up the estates.

On the effective date, Hartshorne executed a liquidation trust agreement and transferred its remaining assets and liabilities to a liquidation trust, as well as assigning remaining critical contracts and insurance policies. Hartshorne funded the carve-out escrow with the majority of Hartshorne's cash-on-hand and transferred any remaining cash to the liquidation trust. The Hartshorne entities were dissolved on the effective date. The remaining assets will be liquidated by the trustee over time.

There were no mining production activities during the March 2021 quarter.

Board changes

During the quarter, Mr Gregory Swan was appointed as a Director of the Company. Mr Swan currently acts as Chief Financial Officer and Company Secretary and for several listed companies that operate in the resources sector. He is a Chartered Accountant and has held senior finance roles with a number of publicly listed exploration and development companies, including Mantra Resources Limited, Papillon Resources Limited, Piedmont Lithium Limited, and Hyperion Metals Limited.

Messrs David Gay, Jonathan Hjelte, Richard McCormick and Thomas Todd resigned as Directors of the Company during the quarter.

ASX Additional Information

Mining Exploration Tenements

As at 31 March 2021, the Company holds an interest in the following exploration tenements:

| Project Name | Permit Number | Percentage Interest | Status |
|---|----------------------|----------------------------|---------------|
| Onslow gold project (Western Australia) | E08/3311 | 100% | Application |

Mining Exploration Expenditures

During the quarter, the Company made payments of approximately US\$1,000 in relation to the application costs for exploration licence E08/3311 in the Pilbara region of Western Australia.

Related Party Payments

During the quarter, the Company made payments of approximately US\$62,000, to related parties and their associates. These payments relate to U.S. based executive directors' remuneration and 401(k) contributions.

Competent Persons Statement

The information in this report that relates to exploration results for the Onslow gold project is based on, and fairly represents, information compiled by Mr Peter Woodman, a Competent Person who is a member Australian Institute of Mining and Metallurgy. Mr Woodman is a consultant to Paringa Resources Limited. Mr Woodman 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 Woodman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

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

This announcement has been authorised for release by the Company's Board of Directors.

For further information contact:

Greg Swan

Non-Executive Director

gswan@paringaresources.com

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Paringa Resources Limited

ABN

44 155 933 010

Quarter ended ("current quarter")

31 March 2021

| Consolidated statement of cash flows | | Current quarter US\$000 | Year to date (9 months) US\$000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (1) | (6) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (123) | (910) |
| | (e) administration and corporate costs | (133) | (360) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | 3 |
| 1.5 | Interest and other costs of finance paid | (2) | (2) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (provide details if material): | | |
| | (a) bankruptcy costs | (323) | (3,039) |
| | (b) care and maintenance costs | (27) | (258) |
| 1.9 | Net cash from / (used in) operating activities | (609) | (4,572) |
| 9.2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment: | | |
| | (i) capitalised mine operating expenditures, net of revenues | - | (28) |
| | (d) exploration & evaluation | - | - |

| Consolidated statement of cash flows | | Current quarter US\$000 | Year to date (9 months) US\$000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| | (e) investments | - | - |
| | (f) other non-current assets | (1) | (111) |
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | 1,209 | 2,984 |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | | |
| | (a) transfer of Hartshorne's remaining cash to liquidation trust | (1,899) | (1,899) |
| 2.6 | Net cash from / (used in) investing activities | (691) | 946 |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | 5 |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | 5 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,340 | 3,657 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (609) | (4,572) |

| Consolidated statement of cash flows | | Current quarter US\$000 | Year to date (9 months) US\$000 |
|---|---|------------------------------------|--|
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (691) | 946 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 5 |
| 4.5 | Effect of movement in exchange rates on cash held | - | 4 |
| 4.6 | Cash and cash equivalents at end of period | 40 | 40 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter US\$000 | Previous quarter US\$000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 40 | 109 |
| 5.2 | Call deposits | - | 1,231 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 40 | 1,340 |

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
US\$000**

(62)

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term 'facility' includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities ⁽¹⁾

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

| Total facility amount at quarter end US\$000 | Amount drawn at quarter end US\$000 |
|---|---|
| - | - |
| - | - |
| - | - |
| - | - |

7.5 **Unused financing facilities available at quarter end**

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

⁽¹⁾ In February 2021, the United States Bankruptcy Court confirmed Hartshorne's plan of liquidation and on the effective date of the plan of liquidation, Hartshorne executed a liquidation trust agreement and transferred its remaining assets and liabilities to a liquidation trust. Hartshorne was dissolved on the effective date.

| 8. Estimated cash available for future operating activities | US\$000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (609) |
| 8.2 (Payments for exploration & evaluation classified as investment activities) (item 2.1(d)) | - |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (609) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 40 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 40 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 0.1 |

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

No. In February 2021, the United States Bankruptcy Court confirmed Hartshorne's plan of liquidation and Hartshorne was dissolved. Following the dissolution of Hartshorne, the Group will not incur any further operating cash outflows associated with Hartshorne's U.S. operations.

8.8.2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes. Paringa is assessing its options to raise additional funds to pursue the exploration of its Onslow gold project and for general working capital requirements. Subject to ASX approval, Paringa has plans to seek shareholder approval for a consolidation of its shares and then undertake a capital raising by way of pro-rata entitlements issue and/or share placement to raise a minimum of A\$2.5 million before costs.

8.8.3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. Paringa is assessing its options to raise additional funds to pursue the exploration of its Onslow gold project and for general working capital requirements. Subject to ASX approval, Paringa has plans to seek shareholder approval for a consolidation of its shares and then undertake a capital raising by way of pro-rata entitlements issue and/or share placement to raise a minimum of A\$2.5 million before costs.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2021

Authorised by: Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.