

DECEMBER 2021 QUARTERLY REPORT

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

Onslow gold project

In late 2020 the Company applied for exploration license E08/3311 in the Pilbara region of Western Australia covering approximately 115 km² and considered prospective for gold and copper (“Onslow Gold Project”). The license was granted in July 2021.

The Company has also entered into an agreement to increase its gold-copper footprint in the Pilbara region of Western Australia by acquiring an 80% interest in granted exploration license E08/3197 located adjacent to the Company’s Onslow Gold Project (“Acquisition”). The Acquisition, if completed, would increase the size of the Company’s Onslow Gold Project to approximately 303 km².

Historical airborne electromagnetic (“AEM”) survey data has identified several anomalies have been assessed to be worthy of further exploration, however the historical survey was flown using a coarse 600-meter line spacing and is considered to be ineffective compared to modern technology for the detection of deeper level bedrock conductors.

In late September 2021, the Company flew a new AEM survey using significantly more advanced and modern high powered AEM system called Xcite™ using 200-metre line spacing. Xcite™ has been successful in highlighting in sub-surface conductors where historic AEM surveys have not. This system could highlight previously unknown deeper level bedrock conductors of interest as well as enhance and expand existing known anomalies.

The processing and interpretation of the AEM datasets in process and the Company hopes to identify high priority conductive targets to be drill tested with an initial broad-spaced shallow geochemical air core drilling program.

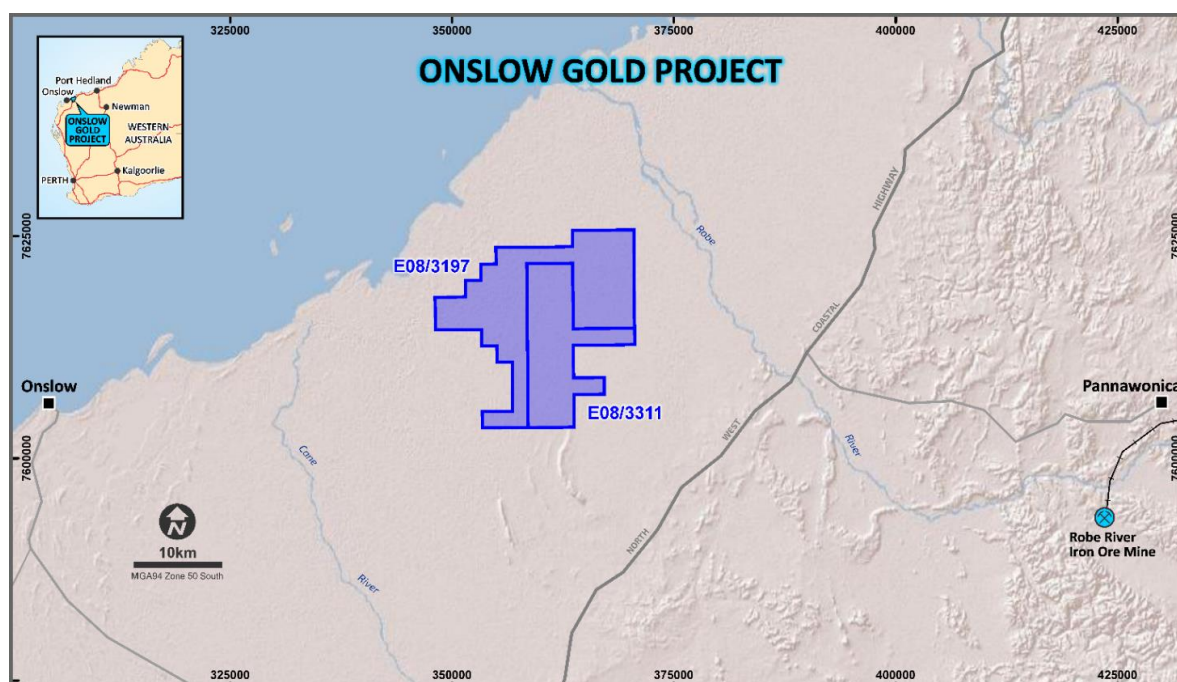


Figure 1: Location of Onslow Gold Project

Reinstatement to trading on ASX

In September 2021, the Company announced that it would seek shareholder approval to undertake a share consolidation and capital raising to recapitalise the Company and to facilitate its shares being reinstated to trading on the Australian Securities Exchange (“ASX”), in addition to making several Board changes and seeking approval to change its name to ‘GCX Metals Limited’.

The Australian Securities Exchange (“ASX”) has confirmed that the Company’s shares will be reinstated to trading on the ASX, subject to satisfying a number of conditions, including shareholder approval and raising additional funds to pursue the exploration of the Onslow Gold Project. The Company’s shares have been suspended from trading on the ASX since 23 December 2019.

Share consolidation

Subject to shareholder approval, the Company intends to undertake a 20 for 1 consolidation of its shares (“Share Consolidation”), thereby reducing the number of shares on issue to 31.6 million shares. The number of options on issue will also be consolidated on a 20 for 1 basis, with the exercise price of the options increasing in accordance with the consolidation ratio. The Company expects to issue a notice of general meeting shortly.

Capital raising

Following completion of the Share Consolidation, the Company will undertake a Capital Raising by way of a share placement (“Share Placement”) of up to 40.0 million shares (on a post Consolidation basis) followed by a non-renounceable pro-rata entitlements offer (“Entitlements Offer”) of up to 71.6 million shares (on a post Consolidation basis), at an issue price of \$0.05 per share, together with 1 free attaching option for every 3 shares subscribed for, to raise up to \$5.58 million before costs.

Under the Entitlements Offer, shareholders will be entitled to acquire 1 new share for every 1 share held at the record date (to be determined) at an issue price of \$0.05 per share, together with 1 free attaching option for every 3 shares subscribed for. This is the maximum allowable under ASX Listing Rules, which state that the ratio must not be greater than one share for each share held. New shares issued under the Share Placement will be eligible to participate in the Entitlements Offer.

The free attaching options to be issued under the Entitlements Offer and Share Placement will be exercisable at \$0.07 each, expiring 5 years from date of issue.

Deed of release

The Company has entered into a deed of release (“Deed of Release”) with the Group’s secured lenders (the “Tribeca Parties”), whereby the Group’s secured lenders will release Paringa from all obligations and liabilities as parent company guarantor to the Group’s US\$40.0 million term loan facility (“Term Loan Facility”) and related finance documents.

Tribeca have entered into the Deed of Release in return for being issued 35.0 million shares and 20.0 million options (10.0 million exercisable at \$0.07 each and 10.0 million exercisable at \$0.09 each, expiring 5 years from date of issue) in the Company on a post Share Consolidation basis, subject to shareholder approval.

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.

Change of name

The Company will seek shareholder approval to change its name to ‘GCX Metals Limited’.

Board changes

Mr Ben Cleary and Mr Haydn Smith from Tribeca will be appointed as Non-Executive Directors of the Company, pursuant to the Deed of Release signed between the Company and Tribeca.

Mr Ryan de Franck, Executive Director of the Valperlon Group and vendor of exploration license E08/3197, will also be appointed as Non-Executive Director of the Company following completion of the Acquisition.

Mr Todd Hannigan and Mr Gregory Swan will resign as Non-Executive Directors of the Company upon completion of the Acquisition, Share Consolidation, Capital Raising, and Deed of Release. Mr Gregory Swan will remain as Company Secretary of the Company.

Mr Ian Middlemas will continue as Non-Executive Chairman of the Company and Mr Mark Pearce will be appointed as an alternate director for Mr Middlemas.

ASX Additional Information

Mining exploration tenements

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

Mining exploration project name	Permit Number	Percentage Interest	Status
Onslow gold project (Western Australia)	E08/3311	100%	Granted

Mining exploration expenditures

During the quarter, the Company made the following payments in relation to mining exploration activities:

Mining exploration activity	A\$000
Airborne electromagnetic survey	79
Geological consultants	14
Geophysical consultants	7
Travel and accommodation	9
Tenement rents, rates and management	8
Field supplies, mapping, and other	1
Total	118

Related party payments

During the quarter, the Company made no payments to related parties and their associates.

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

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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 December 2021

Consolidated statement of cash flows		Current quarter A\$000	Year to date (6 months) A\$000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(118)	(298)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(7)	(51)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material):		
	(a) goods and services tax	11	(11)
1.9	Net cash from / (used in) operating activities	(114)	(360)
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	-	-
	(d) exploration & evaluation	-	-

Consolidated statement of cash flows		Current quarter A\$000	Year to date (6 months) A\$000
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	-
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	-	400
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	-	400
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	201	47
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(114)	(360)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter A\$000	Year to date (6 months) A\$000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	400
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	87	87

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter A\$000	Previous quarter A\$000
5.1	Bank balances	87	201
5.2	Call deposits	-	-
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)	87	201

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
A\$000**

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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
- 7.2 Credit standby arrangements
- 7.3 Other (please specify):
(a) Loan from related party⁽¹⁾
- 7.4 **Total financing facilities**

Total facility amount at quarter end A\$000	Amount drawn at quarter end A\$000
-	-
-	-
400	400
400	400

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⁾ Arredo Pty Ltd, a company associated with Mr Ian Middlemas, has loaned the Company A\$400,000 to pay for costs associated with the Company's recapitalisation and reinstatement to trading on the ASX. The loan is unsecured, interest-free, and repayable at call.

8. Estimated cash available for future operating activities	A\$000
8.1 Net cash from / (used in) operating activities (item 1.9)	(104)
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)	(104)
8.4 Cash and cash equivalents at quarter end (item 4.6)	87
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	87
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.8
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. During the quarter, the Company paid the remaining costs (approximately A\$79,000) of flying a new AEM survey over the Onslow gold project using a modern high powered AEM system. The Company has minimal overheads.

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. The Company will seek shareholder approval to undertake a share consolidation and capital raising to raise up to A\$5.58 million before costs to recapitalise the Company and to facilitate its shares being reinstated to trading on the ASX. The Company expects to issue a notice of general meeting shortly.

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. The Company will seek shareholder approval to undertake a share consolidation and capital raising to raise up to A\$5.58 million before costs to recapitalise the Company and to facilitate its shares being reinstated to trading on the ASX. The Company expects to issue a notice of general meeting shortly.

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: 25 February 2022

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.