Paringa Resources Limited
(to be renamed ‘GCX Metals Limited’)

ABN 44 155 933 010

Interim Financial Report
for the Half Year Ended
31 December 2021

CORPORATE DIRECTORY

DIRECTORS:

Mr Ian Middlemas – Non-Executive Chairman
Mr Todd Hannigan – Non-Executive Director
Mr Gregory Swan – Non-Executive Director

COMPANY SECRETARY:

Mr Gregory Swan – Company Secretary

REGISTERED OFFICE:

Level 9, 28 The Esplanade
Perth WA 6000

WEBSITE:

www.paringaresources.com

STOCK EXCHANGE LISTING:

Australian Securities Exchange (**ASX: PNL**)

SHARE REGISTRY:

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000
Tel: +61 8 9323 2000

LAWYERS:

Thomson Geer Lawyers

AUDITOR:

William Buck Audit (WA) Pty Ltd

CONTENTS

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 this report.

DIRECTORS' REPORT

The Directors of Paringa Resources Limited present their report on Paringa Resources Limited (proposed to be renamed 'GCX Metals Limited') ("Company" or "Paringa") and the entities it controlled during the six months ended 31 December 2021 ("Consolidated Entity" or "Group").

DIRECTORS

The names and details of the Company's Directors in office at any time during or since the end of the interim period are as follows:

Mr Ian Middlemas	Non-Executive Chairman
Mr Todd Hannigan	Non-Executive Director
Mr Gregory Swan	Non-Executive Director

Unless otherwise shown, all Directors were in office from the beginning of the interim period until the date of this report.

OPERATING AND FINANCIAL REVIEW

Overview

During the period, 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 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 ("Project") ("Acquisition").

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.

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 rationale for the Share Consolidation is that it will create a more appropriate and effective capital structure for the Company and a share price more appealing to a broader range of investors.

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.

OPERATING AND FINANCIAL REVIEW (Continued)

Deed of Release (continued)

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 rationale for the Deed of Release is that the Company is currently unable to raise any further funds, incur any further liabilities or continue to undertake any operations. The Deed of Release provides certainty for existing shareholders and new investors by removing the Company's obligations and liabilities as guarantor of the loan.

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.

Tenement Acquisition

The Company has entered into a Tenement Sale Agreement on 29 June 2021 to acquire an 80% interest in granted exploration license E08/3197 from an unrelated private company, Onslow Metals Group Pty Ltd. The consideration to be paid for the Acquisition will be:

- $150,000 cash upon completion of the Acquisition;
- 7,500,000 shares in the capital of the Company on a post Share Consolidation basis upon completion of the Acquisition; and
- 7,500,000 deferred shares in the capital of the Company on a post Share Consolidation basis subject to and conditional upon delineation of a mineral resource in accordance with the JORC Code of at least 200,000 ounces of contained gold across E08/3197 at a resource grade no less than 1.5 grams per tonne gold, within 5 years from the date of completion of the Acquisition.

The Company will also free-carry the 20% interest in E08/3197 retained by Onslow Metals Group Pty Ltd until the completion of a definitive feasibility study.

The Tenement Sale Agreement grants the Company with immediate access to E08/3197 to commence its planned exploration activities.

The issue of shares and deferred shares to Onslow Metals Group Pty Ltd is subject to approval of Paringa shareholders.

Onslow Gold Project

In late 2020 the Company applied for exploration license E08/3311 in the Pilbara region of Western Australia covering approximately 115 km^2 and considered prospective for gold and copper ("Onslow Gold Project"). The license was granted in July 2021.

The Company has also identified an opportunity to expand the footprint of the Onslow Gold Project by acquiring 80% of the adjacent granted exploration license E08/3197 covering approximately 188 km^2 from an unrelated private company.

The Acquisition will increase the size of the Company's Onslow Gold Project to approximately 303 km^2.

The Onslow Gold Project is located in the northwestern extension of the Proterozoic Capricorn Orogen where nearby 1990's historic exploration identified the potential for Proterozoic BIF hosted Au and Iron Oxide Cu-Au mineralisation.

OPERATING AND FINANCIAL REVIEW (Continued)

Onslow Gold Project (continued)

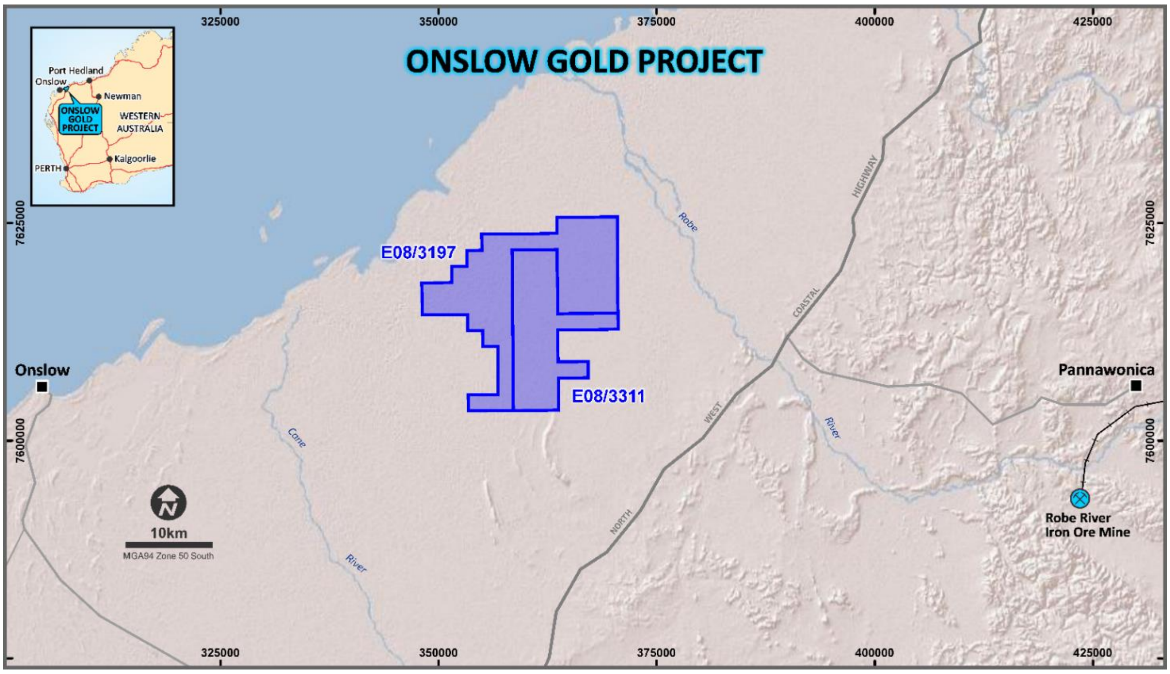

Figure 1: Location of Onslow Gold Project

A recent review by Southern Geoscience Consultants on work conducted by WMC (1990's, Copper-Gold), Rio Tinto (2005-06, Iron Ore), and FMG (2012-15, Iron Ore) has confirmed that historic airborne magnetic and electromagnetic surveys have developed several anomalies that have never been drill tested and have been assessed to be worthy of further exploration.

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.

The Company has recently completed flying a new survey using a modern high powered AEM system using 200-meter line spacing which could highlight previously unknown deeper level bedrock conductors of interest as well as enhance and expand existing know anomalies.

Paringa will now focus its efforts on exploring the Onslow Gold Project.

Re-Instatement to Trading on ASX

The Company's shares have been suspended from trading on the ASX since 23 December 2019. However, ASX has confirmed that the Company's shares will be reinstated to trading on ASX, subject to the satisfaction of a number of conditions, including the following:

- shareholders approving all resolutions required to effect the proposed Capital Raising;
- completion of the proposed Share Consolidation;
- completion of the Capital Raising, including confirmation that the Company has reached minimum subscription under the Entitlements Offer and Share Placement;
- satisfaction of all conditions precedent for the Deed of Release, including the issue of 35.0 million shares and 20.0 million options to the Tribeca Parties (on a post-Consolidation basis);
- the Company releasing a full form prospectus in relation to the proposed Capital Raising;
- the Company demonstrating compliance with Listing Rules 12.1 and 12.2 to the satisfaction of the ASX, including completion of a Phase 1 AEM survey on the Onslow Gold Project and announcing the commencement of a Phase 2 drilling program on the Onslow Gold Project;
- satisfying the 'working capital test' of at least $1.5 million pursuant to Listing Rule 1.3.3(c); and
- lodgement of any outstanding documents required by Listing Rule 17.5 for the period since the Company's Shares were suspended from trading.

DIRECTORS' REPORT
(Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Capital Structure

The pro forma capital structure of the Company assuming completion of the Share Consolidation, Capital Raising, and Deed of Release is set out below:

Capital Structure	Shares	Options	Milestone Shares
Existing securities	632,782,393	34,444,444	-
Share Consolidation	(601,143,273)	(32,722,222)	-
Share Placement (assuming $2,000,000 raised)	40,000,000	13,333,333	-
Entitlements Offer (assuming $3,581,956 raised)	71,639,120	23,879,707	-
Deed of Release	35,000,000	20,000,000	-
Tenement Acquisition	7,500,000	-	7,500,000
Consultant Options	-	1,000,000	-
Total (after completion of Share Consolidation, Share Placement, Entitlements Offer, Deed of Release, Tenement Acquisition, and Consultant Options)	**185,778,240**	**59,935,262**	**7,500,000**

COVID-19

The outbreak of the 2019 novel strain of coronavirus causing a contagious respiratory disease known as COVID-19, and the subsequent quarantine measures imposed by the Australian and other governments, and related travel and trade restrictions has caused disruption to businesses and resulted in significant global economic impacts.

Results of Operations

The net loss of the Group for the half year ended 31 December 2021 was A$10,100,373 (31 December 2020: A$11,330,648). The major items contributing to this result in the current period were finance expenses of A$6,656,067 and foreign exchange losses of A$3,068,209 related to accrued interest and foreign exchange movements respectively in relation to the Company's parent company guarantee liabilities.

Financial Position

At 31 December 2021, the Group had cash reserves of A$86,955 (30 June 2021: A$47,368) and net liabilities of A$93,751,215 (30 June 2021: A$83,650,842).

In February 2020, the Company's wholly owned subsidiary, Hartshorne Holdings, LLC ("Hartshorne"), and its U.S. affiliates, filed voluntary Chapter 11 petitions in the United States Bankruptcy Court. In September 2020, Hartshorne filed a proposed plan of liquidation, disclosure statement, and proposed plan solicitation procedures motion for the expedited wind down of their estates. The proposed plan of liquidation set forth the manner in which Hartshorne will complete its wind down through a liquidation trust. In October 2020, the Bankruptcy Court approved the solicitation procedures and conditionally approved the disclosure statement. In February 2021, the Bankruptcy Court confirmed the plan of liquidation and, on 23 February 2021, the plan became effective and Hartshorne commenced the final stages of winding up the estates.

On 23 February 2021, 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.

At the time the Hartshorne entities were dissolved, Hartshorne had a US$40.0 million term loan facility payable Tribeca (as agent) ("Term Loan Facility") and a US$9.0 million royalty payable to SP2 Royalty Co, LLC ("SP2") (an entity of which certain funds advised by Tribeca are members) ("Royalty"). The parent entity, Paringa Resources Limited, guaranteed to Tribeca (as agent) the performance of its subsidiary, Hartshorne, in relation to the US$40.0 million Term Loan Facility and related finance documents. The effect of the guarantee is that Paringa Resources Limited has guaranteed to pay any outstanding amounts if Hartshorne does not meet their obligations under the terms of Term Loan Facility. At 31 December 2021, the Company had a financial guarantee liability of A$93,096,762 payable to Tribeca (as agent) related to its parent company guarantee.

OPERATING AND FINANCIAL REVIEW (Continued)

Financial Position (continued)

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"). 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. 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.

To facilitate the capital raising, 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 ("TLF") 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.

The Company's securities currently remain suspended from trading on the ASX, however 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.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Other than the above, at the date of this report, there are no matters or circumstances, which have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- the operations, in periods subsequent to 31 December 2021, of the Group;
- the results of those operations, in periods subsequent to 31 December, of the Group; or
- the state of affairs, in periods subsequent to 31 December, of the Group.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, William Buck Audit (WA) Pty Ltd, to provide the directors of Paringa Resources Limited with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is on page 6 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

GREGORY SWAN
Director

14 March 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PARINGA RESOURCES LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2021 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

— no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 14th day of March 2022

ACCOUNTANTS & ADVISORS

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Note	Six Months Ended 31 December 2021 A$	Six Months Ended 31 December 2020 A$
Continuing operations			
Corporate and administration expenses		**(48,136)**	(88,348)
Exploration and evaluation expenses		**(327,961)**	-
Finance income/(expenses)	5	**(6,656,067)**	(94)
Foreign exchange gains/(losses)	5	**(3,068,209)**	5,280
Profit/(loss) before tax from continuing operations		**(10,100,373)**	(83,162)
Income tax expense		**-**	-
Profit/(loss) for the year from continuing operations		**(10,100,373)**	(83,162)
Discontinued operations			
Loss after tax from discontinued operations	12	**-**	(11,247,486)
Net loss for the year		**(10,100,373)**	(11,330,648)
Net loss attributable to members of the parent		**(10,100,373)**	(11,330,648)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		**-**	10,350,422
Total other comprehensive income for the year, net of tax		**-**	10,350,422
Total comprehensive loss for the year, net of tax		**(10,100,373)**	(980,226)
Total comprehensive loss attributable to members of the parent		**(10,100,373)**	(980,226)
Basic and diluted profit/(loss) per share from continuing operations (A$ per share)		**(0.02)**	-
Basic and diluted profit/(loss) per share from discontinued operations (A$ per share)		**-**	(0.02)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	As at 31 December 2021 A$	As at 30 June 2021 A$
ASSETS			
Current Assets			
Cash and cash equivalents	3	**86,955**	47,368
Trade and other receivables		**23,000**	12,209
Total Current Assets		**109,955**	59,577
Non-Current Assets			
Exploration and evaluation assets	4	**6,656**	6,656
Total Non-Current Assets		**6,656**	6,656
TOTAL ASSETS		**116,611**	66,233
LIABILITIES			
Current Liabilities			
Trade and other payables		**371,064**	344,589
Other financial liabilities	5	**93,096,762**	83,372,486
Borrowings	6	**400,000**	-
Total Current Liabilities		**93,867,826**	83,717,075
TOTAL LIABILITIES		**93,867,826**	83,717,075
NET LIABILITIES		**(93,751,215)**	(83,650,842)
EQUITY			
Contributed equity	7	**137,606,375**	137,606,375
Reserves	8	**2,556,889**	2,556,889
Accumulated losses		**(233,914,479)**	(223,814,106)
TOTAL EQUITY		**(93,751,215)**	(83,650,842)

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

	Note	Contributed Equity A$	Share-based Payments Reserve A$	Foreign Currency Translation Reserve A$	Accumulated Losses A$	Total Equity A$
Balance at 1 July 2021		**137,606,375**	**2,556,889**	**-**	**(223,814,106)**	**(83,650,842)**
Net loss for the period		**-**	**-**	**-**	**(10,100,373)**	**(10,100,373)**
Other comprehensive income for the period		**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the period		**-**	**-**	**-**	**(10,100,373)**	**(10,100,373)**
Transactions with owners recorded directly in equity		**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2021		**137,606,375**	**2,556,889**	**-**	**(233,914,479)**	**(93,751,215)**
Balance at 1 July 2020		137,606,375	4,564,000	11,895,777	(242,665,770)	(88,599,618)
Net loss for the period		-	-	-	(11,330,648)	(11,330,648)
Other comprehensive income for the period		-	-	10,350,422	-	10,350,422
Total comprehensive loss for the period		-	-	10,350,422	(11,330,648)	(980,226)
Transactions with owners recorded directly in equity		-	-	-	-	-
Balance at 31 December 2020		137,606,375	4,564,000	22,246,199	(253,996,418)	(89,579,844)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Note	Six Months Ended 31 December 2021 A$	Six Months Ended 31 December 2020 A$
Cash flows from operating activities			
Payments to suppliers and employees		**(360,413)**	(8,874,259)
Interest received		**-**	5,212
Other income received		**-**	262,903
Net cash outflow from operating activities		**(360,413)**	(8,606,144)
Cash flows from investing activities			
Proceeds from sale of assets held for sale		**-**	5,397,670
Payments for exploration and evaluation assets		**-**	(6,656)
Net cash inflow from investing activities		**-**	5,391,014
Cash flows from financing activities			
Proceeds from borrowings		**400,000**	4,670
Net cash inflow from financing activities		**400,000**	4,670
Net increase/(decrease) in cash and cash equivalents		**39,587**	(3,210,460)
Net foreign exchange differences		**-**	(377,753)
Cash and cash equivalents at beginning of the period		**47,368**	5,328,423
Cash and cash equivalents at the end of the period	3	**86,955**	1,740,210

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of Paringa Resources Limited and its consolidated entities for the six-months ended 31 December 2021 were authorised for issue in accordance with the resolution of the directors on 14 March 2022.

Paringa Resources Limited is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are listed on the ASX. The Group's principal activities are the exploration and development of mineral resource projects.

(a) Basis of Preparation

This general-purpose financial report for the interim six-month reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* (which ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board) and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the Company for the year ended 30 June 2021 and any public announcements made by the Company and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2021, except as disclosed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The financial report has been prepared on a historical cost basis and is presented in Australian dollars (A$).

Going concern

The consolidated financial statements have been prepared on the 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.

For the half year ended 31 December 2021, the Group has incurred a net loss of $10,100,373 (31 December 2020: $11,330,648) and experienced net cash outflows from operating activities of $360,413 (31 December 2020: $8,606,144). At 31 December 2021, the Group had cash reserves of $86,955 (30 June 2021: $47,368) and net liabilities of $93,751,215 (30 June 2021: $83,650,842).

In February 2020, the Company's wholly owned subsidiary, Hartshorne Holdings, LLC ("Hartshorne"), and its U.S. affiliates, filed voluntary Chapter 11 petitions in the United States Bankruptcy Court. In September 2020, Hartshorne filed a proposed plan of liquidation, disclosure statement, and proposed plan solicitation procedures motion for the expedited wind down of their estates. The proposed plan of liquidation set forth the manner in which Hartshorne will complete its wind down through a liquidation trust. In October 2020, the Bankruptcy Court approved the solicitation procedures and conditionally approved the disclosure statement. In February 2021, the Bankruptcy Court confirmed the plan of liquidation and, on 23 February 2021, the plan became effective and Hartshorne commenced the final stages of winding up the estates.

On 23 February 2021, 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.

At the time the Hartshorne entities were dissolved, Hartshorne had a US$40.0 million term loan facility payable Tribeca (as agent) ("Term Loan Facility") and a US$9.0 million royalty payable to SP2 Royalty Co, LLC ("SP2") (an entity of which certain funds advised by Tribeca are members) ("Royalty"). The parent entity, Paringa Resources Limited, guaranteed to Tribeca (as agent) the performance of its subsidiary, Hartshorne, in relation to the US$40.0 million Term Loan Facility and related finance documents. The effect of the guarantee is that Paringa Resources Limited has guaranteed to pay any outstanding amounts if Hartshorne does not meet their obligations under the terms of Term Loan Facility. At 31 December 2021, the Company had a financial liability of A$93,096,762 (30 June 2021: $83,372,486) payable to Tribeca (as agent) related to its parent company guarantee.

The Company requires additional funding to continue as a going concern. In this regard, subsequent to the end of the financial period, in September 2021, the Company announced that it would seek shareholder approval to undertake a share consolidation and capital raising to raise up to $5.58 million before costs. The capital raising will comprise a share placement ("Share Placement") of up to 40.0 million shares (on a post Consolidation basis) followed by a pro-rata entitlements offer ("Entitlements Offer") of up to 71.6 million shares (on a post Consolidation basis), at an issue price of A$0.05 per share, together with 1 free attaching option for every 3 shares subscribed for, to raise up to A$5.58 million before costs.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

Going concern (continued)

To facilitate the capital raising, 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 A$0.07 each and 10.0 million exercisable at A$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.

The Directors are confident that they will be able to complete the Share Consolidation and Capital Raising and satisfy all conditions precedent to the Deed of Release, and accordingly, consider that it is appropriate to prepare the financial statements on the going concern basis. Should the Company be unable to complete the Share Consolidation and Capital Raising and satisfy all conditions precedent to the Deed of Release, a material uncertainty may exist that could cast significant doubt on the ability of the Group to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(b) Statement of Compliance

In the current period, the Group has adopted all of the new and revised standards, interpretations and amendments that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021. New and revised standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*;
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*; and
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.

The adoption of the aforementioned standards has no impact on the financial statements of the Company as at 31 December 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(c) Changes in Accounting Policies

The accounting policies adopted in the preparation of the half-year financial report are consistent with those applied in the preparation of the Group's annual financial report for the year ended 30 June 2021, except for new standards, amendments to standards and interpretations effective 1 July 2021 as set out in Note 1(b).

(d) Issued standards and interpretations not early adopted

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 reporting period ended 31 December 2021. Those which may be relevant to the Group are set out in the table below, but these are not expected to have any significant impact on the Group's financial statements:

Standard/Interpretation	Application Date of Standard	Application Date for Company
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	January 1, 2022	July 1, 2022
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	January 1, 2023	July 1, 2023
AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date	January 1, 2023	July 1, 2023
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	January 1, 2023	July 1, 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021
(Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Change in presentation and functional currencies

Functional Currency

As disclosed in the Group's Annual Report for the financial year ended 30 June 2021, the Directors have determined that the functional currency of the Company and all its subsidiaries is Australian dollars (A$) effective from 23 February 2021. The change in functional currency has been applied prospectively with effect from 23 February 2021 in accordance with the requirements of the Accounting Standard (AASB 121 *The Effects of Changes in Foreign Exchange Rates*).

Presentation Currency

Following the change in functional currency, the Company changed its presentation currency from US$ to A$. The change in presentation currency is to better reflect the Group's business activities. Prior to the change, the Company reported its financial statements in US$. A change in presentation currency is a change in accounting policy which is accounted for retrospectively. In making this change in presentation currency, the Company followed the requirements set out in AASB 121 *The Effects of Changes in Foreign Exchange Rates*. As required by AASB 121, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows for each period have been translated into the presentation currency using the average exchange rates prevailing during each reporting period. All assets and liabilities have been translated using the exchange rate prevailing at the consolidated statement of financial position dates. Shareholders' equity transactions have been translated using the rates of exchange in effect as of the dates of the various capital transactions. All resulting exchange differences arising from the translation are included as a separate component of other comprehensive income. All comparative financial information has been restated to reflect the Company's results as if they had been historically reported in A$.

2. 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. During the reporting period, the Consolidated Entity operated in one segment, being mineral exploration and development of mineral resource projects. 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.

3. CASH AND CASH EQUIVALENTS

	As at 31 December 2021 A$	As at 30 June 2021 A$
Cash at bank and on hand	**86,955**	47,368
	86,955	47,368

4. EXPLORATION AND EVALUATION ASSETS

	As at 31 December 2021 A$	As at 30 June 2021 A$
Onslow Gold Project	**6,656**	6,656
	6,656	6,656

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021
(Continued)

5. OTHER FINANCIAL LIABILITIES

	As at 31 December 2021 A$	As at 30 June 2021 A$
Parent company guarantee liabilities [(1)]:		
Tribeca Term Loan Facility	**55,126,792**	53,205,640
Tribeca Royalty	**12,403,528**	11,971,268
Tribeca accrued interest	**25,566,442**	18,195,578
	93,096,762	83,372,486
(a) Reconciliation		
Balance at 1 July	**83,372,486**	-
Recognised upon dissolution of controlled entities	**-**	83,372,486
Accrued interest	**6,656,067**	4,183,084
Foreign exchange differences	**3,068,209**	4,021,526
Closing Balance	**93,096,762**	83,372,486

Notes:

(1) In February 2020, the Company's wholly owned subsidiary, Hartshorne, and its U.S. affiliates, filed voluntary Chapter 11 petitions in the United States Bankruptcy Court. In September 2020, Hartshorne filed a proposed plan of liquidation, disclosure statement, and proposed plan solicitation procedures motion for the expedited wind down of their estates. In February 2021, the Bankruptcy Court confirmed the plan of liquidation and, on 23 February 2021, the plan became effective. On 23 February 2021, Hartshorne executed a liquidation trust agreement and transferred its remaining assets and liabilities to a liquidation trust. 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.

At the time the Hartshorne entities were dissolved, Hartshorne had a US$40.0 million term loan facility payable Tribeca (as agent) ("Term Loan Facility") and a US$9.0 million royalty payable to SP2 Royalty Co, LLC (an entity of which certain funds advised by Tribeca are members) ("Royalty"). The parent entity, Paringa Resources Limited, has guaranteed to Tribeca (as agent) the performance of its subsidiary, Hartshorne, in relation to the US$40.0 million Term Loan Facility and related finance documents. The effect of the guarantee is that Paringa Resources Limited has guaranteed to pay any outstanding amounts if Hartshorne does not meet their obligations under the terms of Term Loan Facility. At 31 December 2021, the Company had a financial liability of A$93,096,762 (30 June 2021: A$83,372,486) payable to Tribeca (as agent) related to its parent company guarantee.

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.

6. BORROWINGS

	As at 31 December 2021 A$	As at 30 June 2021 A$
Unsecured loan from related party	**400,000**	**-**
	400,000	**-**

Notes:

(1) On 9 September 2021, the Company accepted an offer from Arredo Pty Ltd, a company associated with Director, Mr Ian Middlemas, to provide a $400,000 loan facility to the Company. The loan is unsecured, interest-free, and repayable at call.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021
(Continued)

7. CONTRIBUTED EQUITY

	As at 31 December 2021 A$	As at 30 June 2021 A$
Issued capital		
632,782,393 fully paid ordinary shares (30 June 2021: 632,782,393)	**137,606,375**	137,606,375
	137,606,375	137,606,375

There were no movements in issued capital during the period.

8. RESERVES

	As at 31 December 2021 A$	As at 30 June 2021 A$
Share-based payments reserve	**2,556,889**	2,556,889
	2,556,889	2,556,889

There were no movements in reserves during the period.

9. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the six months ended 31 December 2021 (31 December 2020: nil).

10. COMMITMENTS

As a condition of retaining the current rights to tenure to exploration tenements, the Group is required to pay an annual rental charge and meet minimum expenditure requirements for each tenement. These obligations are not provided for in the financial statements and are at the sole discretion of the Company:

	As at 31 December 2021 A$	As at 30 June 2021 A$
Commitments for exploration expenditure:		
Not longer than 1 year	**36,000**	-
Longer than 1 year and shorter than 5 years	**126,000**	-
	162,000	-

At the last annual reporting date, the Group did not have any contingent assets or liabilities. There has been no material change in contingent assets and liabilities of the Group during the half year.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

At 31 December 2021 and 30 June 2021, the carrying value of the Group's financial assets and liabilities approximate their fair value.

12. DISCONTINUED OPERATIONS

31 December 2020

In February 2020, the Company's wholly owned subsidiary, Hartshorne, and its U.S. affiliates, filed voluntary Chapter 11 petitions in the United States Bankruptcy Court, from which time Hartshorne has been classified as a discontinued operation and held-for-sale. In September 2020, Hartshorne filed a proposed plan of liquidation, disclosure statement, and proposed plan solicitation procedures motion for the expedited wind down of their estates. In February 2021, the Bankruptcy Court confirmed the plan of liquidation and, on 23 February 2021, the plan became effective. On 23 February 2021, Hartshorne executed a liquidation trust agreement and transferred its remaining assets and liabilities to a liquidation trust. The Hartshorne entities were dissolved on the effective date.

(a) Results of discontinued operations

The results of Hartshorne for the period are presented below. The comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

	Six Months ended 31 December 2021 A$	Six Months ended 31 December 2020 A$
Discontinued operations		
Cost of sales, net of coal sales	-	(1,883,836)
Corporate and administrative expenses	-	(5,962,146)
Employment expenses	-	(946,393)
Business development expenses	-	(1,570)
Finance income	-	5,212
Finance expenses	-	(5,198,998)
Gain on disposal of assets held for sale	-	2,916,195
Impairment of assets held for sale	-	(438,853)
Other income	-	262,903
Profit/(loss) for the year from discontinued operations	-	(11,247,486)
Income tax expense	-	-
Profit/(loss) after tax from discontinued operations	-	(11,247,486)
Profit/(loss) after tax from discontinued operations attributable to members of the parent	-	(11,247,486)

(b) Cash flows from discontinued operations

	Six Months ended 31 December 2021 A$	Six Months ended 31 December 2020 A$
Net cash used in operating activities	-	(8,571,129)
Net cash from investing activities	-	5,397,670
Net cash from financing activities	-	4,670
Net cash outflow for the year from discontinued operations	-	(3,168,789)

13. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Other than the above, at the date of this report, there are no matters or circumstances, which have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- the operations, in periods subsequent to 31 December 2021, of the Group;
- the results of those operations, in periods subsequent to 31 December, of the Group; or
- the state of affairs, in periods subsequent to 31 December, of the Group.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Paringa Resources Limited made pursuant to section 303(5)(a) of the *Corporations Act 2001*, I state that:

In the opinion of the Directors:

(a) the attached financial statements and notes thereto comply with the *Corporations Act 2001,* Australian Accounting Standard AASB 134 *"Interim Financial Reporting"*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

(b) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and

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

On behalf of the Board

GREGORY SWAN
Director

14 March 2022

Paringa Resources Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Paringa Resources Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Paringa Resources Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 (a) in the half-year financial report, which indicates that the consolidated entity incurred a net loss of $10,100,373 and a net cash outflow from operating activities of $360,413 for the period ended 31 December 2021. At 31 December 2021, the consolidated entity had cash reserves of $86,955 and net liabilities of $93,751,215. As stated in Note 1 (a), these events or conditions, along with other matters as set forth in Note 1 (a), indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of Management for the Financial Report

The directors of Paringa Resources Limited are responsible for the preparation of the half-year 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

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determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 14th day of March 2022