

DECEMBER 2016 QUARTERLY REPORT

Paringa Resources Limited (“**Paringa**” or “**Company**”) (**ASX:PNL**) is pleased to present its quarterly report for the period ending December 31, 2016, summarized as follows:

Poplar Grove Mine

- Completed an updated Bankable Feasibility Study (“BFS”) on the Buck Creek Complex, incorporating the staged, modular development of the Poplar Grove and Cypress Mines, which confirmed the Buck Creek Complex’s technical and economic viability.
- The inclusion of Poplar Grove Mine into the BFS significantly lowered the initial capital cost, reduced the development time to first coal and transformed the financial returns of the Buck Creek Complex. The BFS reports that the Poplar Grove Mine can be developed at a low project capital cost of US\$40m for an initial 1.8 Mtpa of production and generate strong cashflows and high investment returns.
- The updated financials for the Buck Creek Complex state that the combined project will generate average annual EBITDA of US\$132m when Poplar Grove and Cypress Mines are operating at full capacity. This combined development has a Net Present Value of US\$497m (\$654m) with an internal rate of return of 37%.
- The BFS validates Paringa’s staged development strategy to build low capital and operating cost mines near river transportation. Paringa will maximize shareholder returns and minimize risk by taking a staged development approach – using modular mine investments at the Buck Creek Complex to ultimately become an Illinois Basin coal producer of over 5.7 Mtpa.
- Paringa will start with the development of the low capex and high return Poplar Grove Mine by mid-2017. Once this mine is established, Paringa then intends to make low cost modular expansions of Poplar Grove’s capacity followed by the development of the fully permitted 3.9 Mtpa Cypress Mine.
- Paringa announced the discovery of an additional major contiguous economic coal seam (WK No.11) approximately 65 to 80 feet above Poplar Grove’s WK No.9 seam, which may provide scope to further significantly increase the capacity of this mine with a low capex modular mine expansion.
- In light of this, Paringa has accelerated drilling and technical study work and will update the BFS for a potential two coal seam operation at Poplar Grove in Q1 2017.

Corporate

- Appointed Mr Todd Hannigan as CEO and Mr Tom Todd as Executive Director of the Company. Mr David Gay will continue as President and Executive Director and Mr Taso Arima will continue as Non-Executive Director of the Company.
- Completed a placement of 19 million shares at an issue price of A\$0.42 per share to institutional investors to raise A\$8 million.

For further information contact:

Todd Hannigan
CEO

Nathan Ainsworth
VP, Business Development

BUCK CREEK MINE COMPLEX

The Buck Creek Complex is located in the Western Kentucky region of the Illinois Coal Basin (“ILB”) which is one of the most prolific coal producing regions in the United States. Paranga controls approximately 39,000 gross acres of coal leases within an area of interest of approximately 72,000 acres.

The Buck Creek Complex is one of the few remaining contiguous high quality thermal coal projects within the ILB that is not controlled by one of the major United States coal companies. It offers one of the highest quality, highest heating value products in the ILB.

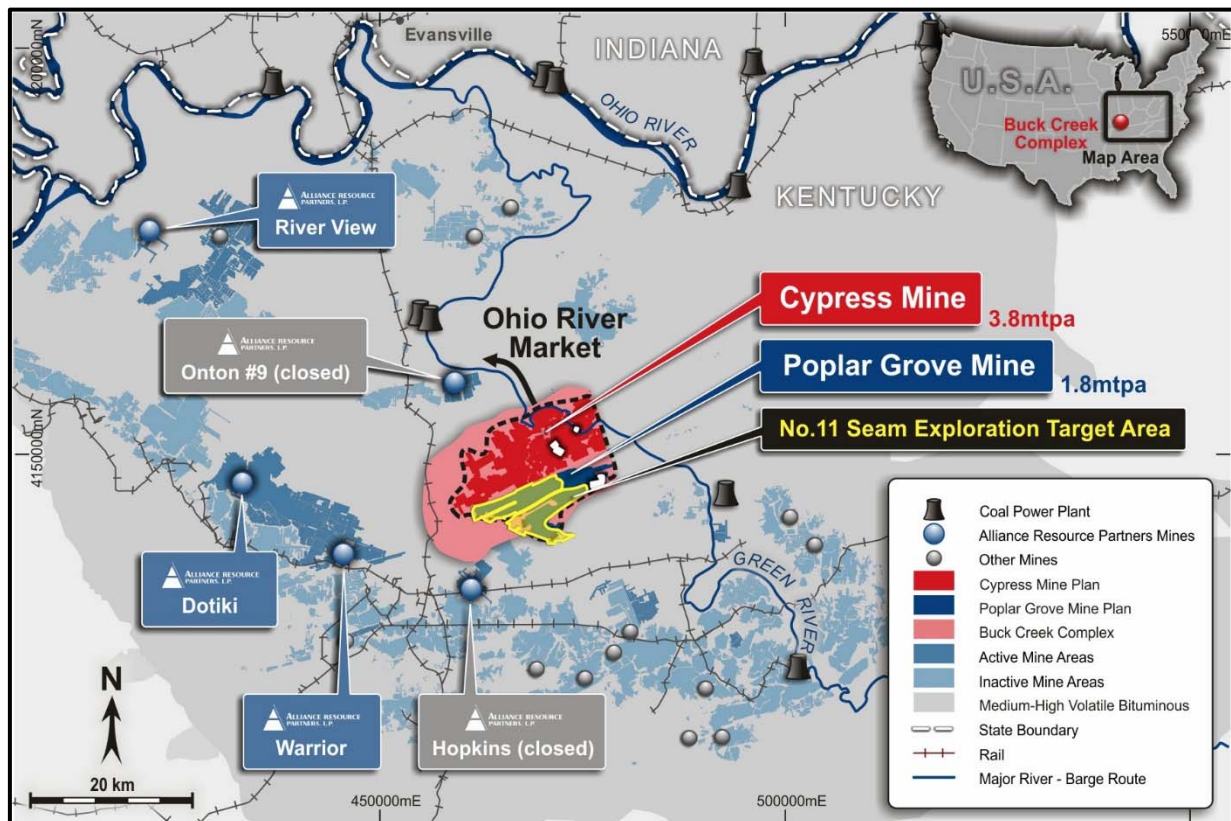


Figure 1: Buck Creek Complex and Alliance's Operations in Western Kentucky

BFS Highlights

The BFS demonstrates an after-tax Net Present Value of US\$497 million (A\$654 million) for the Buck Creek Complex with an internal rate of return of 37% based on a real discount rate of 8% and using a combination of already contracted coal sales prices and independent price forecasts.

The Buck Creek Complex BFS financials incorporate the initial development of the 1.8 million tons per annum (“Mtpa”) Poplar Grove Mine, starting construction by mid-2017, followed by the construction of the 3.9 Mtpa Cypress Mine in early-2019.

Highlights of the updated Buck Creek Complex BFS (mining the WK No. 9 seam only) are:

- Nameplate Production Capacity: 5.7 Mtpa
- Average Annual EBITDA: US\$132 million
- Ungeared NPV₈: **US\$497 million (A\$654 million)**

- IRR: 37%

The highlights of the BFS for the Poplar Grove Mine (mining the WK No. 9 seam only) are:

- Average Annual Production: 1.8 Mtpa
- Opex (FOB Barge): US\$30.39 per ton
- Average Annual EBITDA: US\$39 million
- Total Initial Project Capex: US\$40 million
- Ung geared NPV₈: **US\$172 million (A\$226 million)**
- IRR: 35%

Paringa will start initially with the low-cost construction of the 1.8 Mtpa Poplar Grove Mine during 2017, with total initial capital estimated at US\$40 million. This initial project capital cost, which is to a maximum accuracy variation of +/- 10%, excludes any contingencies, working capital and financing costs. The construction period of the Poplar Grove Mine is approximately 12 months, delivering first coal production during the second quarter of 2018.

This initial mine development is already underpinned by a five-year coal supply contract totaling US\$205 million with an investment grade regional utility (LG&E and KU), minimizing market risk and providing a clear pathway to strong, predictable free cashflow.

Once Poplar Grove is constructed, Paringa will make low risk, low cost modular mine expansions to grow its coal production to 5.7 Mtpa and beyond. The Company will underpin this additional growth with long-term sales contracts to ensure that additional capacity investments are low risk and generate high levels of free cash flow.

Discovery of Additional Major Coal Seam at Poplar Grove Mine

The Company discovered the contiguous Western Kentucky No.11 (“**WK No.11**”) coal seam as a potentially mineable seam within the Poplar Grove project area. This discovery could transform the economics of the Poplar Grove Mine and the Buck Creek Complex.

An Exploration Target for the Poplar Grove WK No.11 seam has been estimated to be from 85 to 110 million tons, with in-situ energy content estimated to range from 12,000 to 12,200 Btu/lb. The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Paringa’s proposed 1.8 Mtpa Poplar Grove Mine on the Western Kentucky No.9 (“**WK No.9**”) coal seam is located immediately south of the Company’s proposed 3.8 Mtpa Cypress Mine, both within the Buck Creek Complex.

Core drilling has intersected the WK No.11 seam approximately 65 to 80 feet above Poplar Grove’s WK No.9 seam. Coal seam thickness recorded from recent and historical drill holes of the WK No.11 averages 5.0 feet with clean coal quality characteristics similar to the Poplar Grove Mine’s WK No.9 seam.

The close proximity of the two coal seams allows Paringa to potentially access the WK No.11 seam from the planned WK No.9 seam mine works, which may significantly increase the capacity of the planned 1.8 Mtpa Poplar Grove Mine.

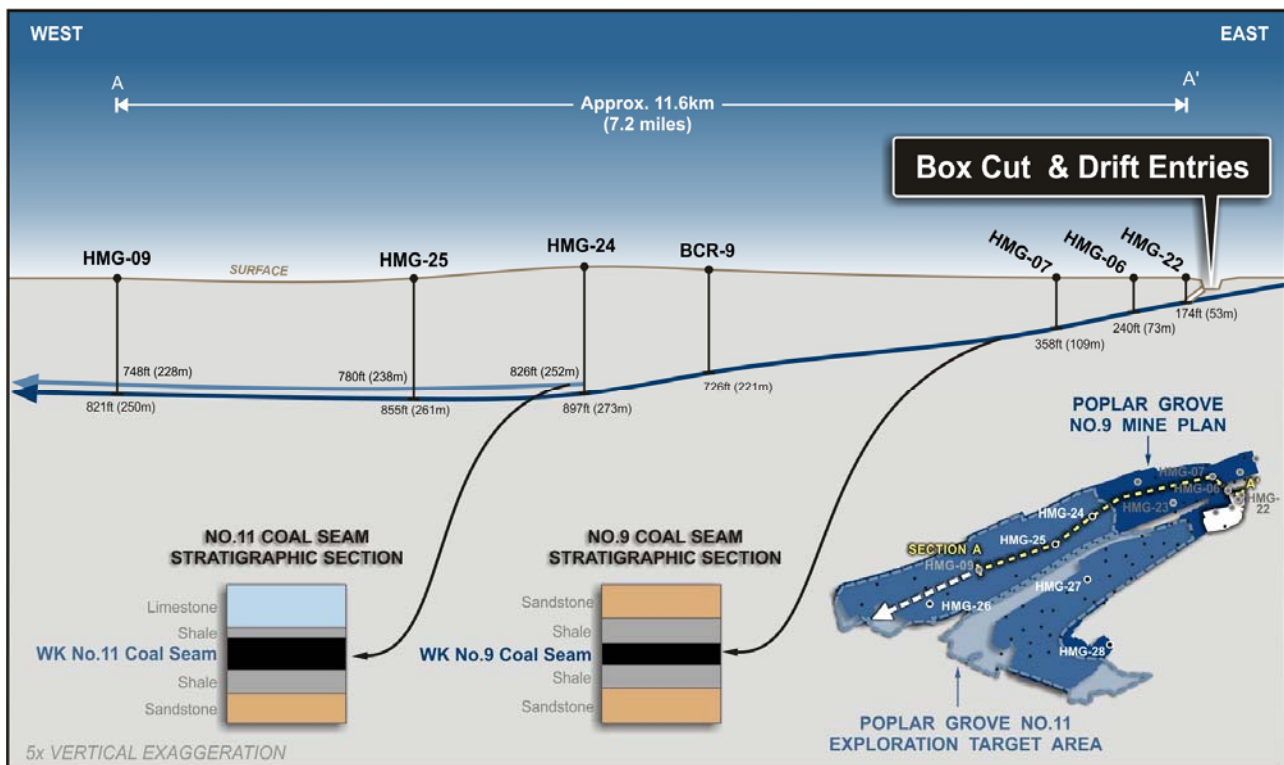


Figure 2: Poplar Grove Cross Section of the No.11 and No.9 Coal Seams and Box-Cut Mine Development

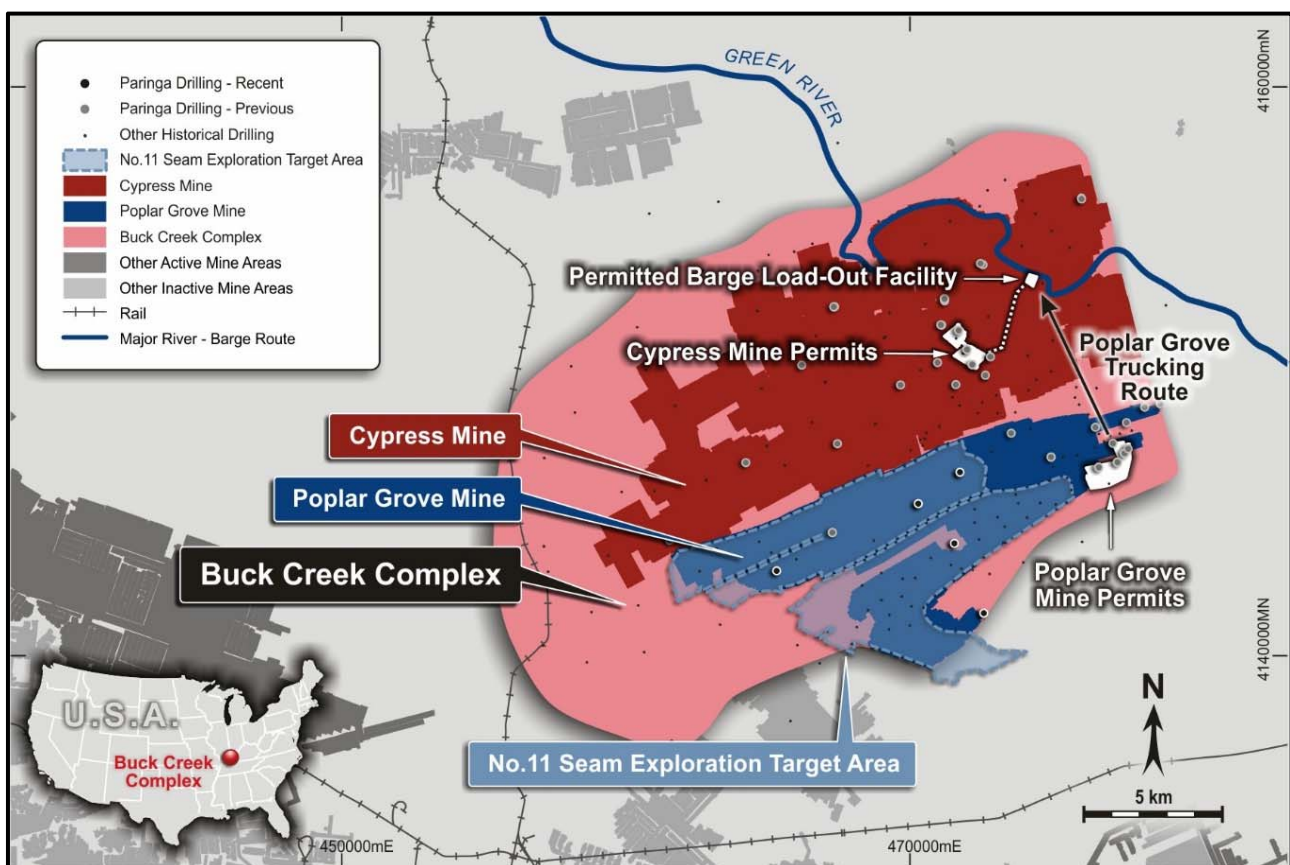


Figure 3: Buck Creek Complex including the Poplar Grove and Cypress Mine Plans and No.11 Exploration Target

Alliance's 9.1 Mtpa River View operation, approximately 40 miles northwest from Poplar Grove, mines both the WK No.11 and No.9 coal seams and processes the Run of Mine ("**ROM**") coal through one coal processing facility as both seams have similar coal quality characteristics. The River View mine is the most productive underground room-and-pillar coal mine in the US.

Paringa will now undertake a drilling program for the WK No.11 seam to update the geological model and to assess the potential for a two-seam operation at Poplar Grove. The first stage of this additional drilling commenced during the fourth quarter of 2016.

Low Operating Costs

The Poplar Grove and Cypress Mines' operating cash costs ("**Opex**") estimates have been built from the "ground-up" using current pricing provided by vendors and contractors. A breakdown of the Opex estimates for both mines is provided below:

| Table 1: Poplar Grove and Cypress Mine Operating Costs | | |
|---|--------------------------|--------------------------|
| Average Annual Operating Costs (LOM) | Poplar Grove | Cypress |
| Labor and Benefits | US\$7.46 | US\$6.92 |
| Operating & Maintenance | US\$8.75 | US\$8.89 |
| Power & Utilities | US\$0.95 | US\$0.87 |
| General & Administration | US\$1.21 | US\$0.52 |
| Leased Equipment | US\$1.45 | US\$1.64 |
| Sub-total Direct Mining Costs | US\$19.83 | US\$18.85 |
| CHPP & Barge Load-Out Facility | US\$3.41 | US\$2.92 |
| Transportation Costs (truck to Green River barge load-out) | US\$1.65 | - |
| Taxes & Insurance (includes Severance taxes) | US\$3.54 | US\$3.63 |
| Royalties to Landowners | US\$1.96 | US\$1.97 |
| Average Annual Operating Costs | US\$30.39 per ton | US\$27.37 per ton |

The final Opex estimates excludes any vendor overriding royalty as it is assumed that the Company will pay out the vendor in accordance with the revised vendor payment terms announced to the ASX on 2 June 2015.

Low Capex Development

The final Capex estimate for the Poplar Grove Mine, based on pricing provided by vendors and contractors, includes all major capital items including site development, electrical substation and infrastructure, "box-cut" mine development to access the coal seam, surface facilities, coal preparation plant, materials handling and the barge load-out facility.

| Table 2: Poplar Grove and Cypress Capital Costs | | |
|---|-------------------------|--------------------------|
| Capital Item | Poplar Grove | Cypress Mine |
| Project Development | US\$5.6 | US\$8.8 |
| Mine Development | US\$13.6 | US\$51.7 |
| Sub-total Mine Development | US\$19.2 | US\$60.5 |
| Coal Preparation Plant | US\$12.2 | US\$19.5 |
| Refuse Disposal Site | US\$0.6 | US\$0.1 |
| Materials Handling | US\$4.9 | US\$20.3 |
| Barge Load-Out Facility and Road Upgrade | US\$3.0 | US\$1.5 |
| Sub-total CHPP & Load-Out | US\$20.7 | US\$41.3 |
| Total Initial Capital Cost | US\$39.9 million | US\$101.8 million |

The Poplar Grove Mine is located in one of the best-served and infrastructure advantaged coal regions in the US. All construction services, construction personnel, contractors and parts will be supplied by firms who are operating in the region. Sustaining capital for the mine, mine site infrastructure and CHPP has been estimated at US\$1.73 per ton. The Capex estimates exclude any contingencies, working capital or financing costs.

Capital costs for the Poplar Grove and Cypress Mines have been benchmarked against similar underground and surface mines in the region that mine the WK No.9 coal seam in similar conditions, utilizing identical mining and processing techniques and equipment.

Coal Seam Access: Simple Box Cut Development

Due to the relatively shallow depth of the WK No.9 coal seam from the surface at the eastern edge of the proposed mining area, access to the proposed Poplar Grove Mine will be provided by a combination of a box cut and drifts for ventilation, transport of personnel, materials and ROM coal. This combined box cut/drift method of coal seam access is commonly used in the Illinois Basin to reduce construction expense where coal seams are relatively shallow.

The box cut will be a rectangular excavation from the surface approximately 80 feet (24 meters) in depth. The proposed floor of the box cut will be approximately 300 feet (91 meters) wide and 100 feet (30 meters) long to provide adequate room for pumping, ventilation, and materials handling equipment. The box cut design will include a drive-able ramp from the surface to the bottom of the box cut for vehicle access. This ramp will be constructed to include the conveyor belt from the portal to the raw coal stockpile. Total depth to the WK No.9 seam is approximately 240 feet (73 meters) at the bottom of the decline drift.

Decline drifts will be constructed from the bottom of the box cut to the coal seam for an exhaust airway, conveyor gallery, travel way, and an intake airway. The drifts will be driven using continuous mining equipment at a decline of 8 degrees, and each will be approximately 1,150 feet (350 meters) in length. The roof in the declines will be supported with a combination of rock bolting systems and steel arches to provide life-of-mine support.

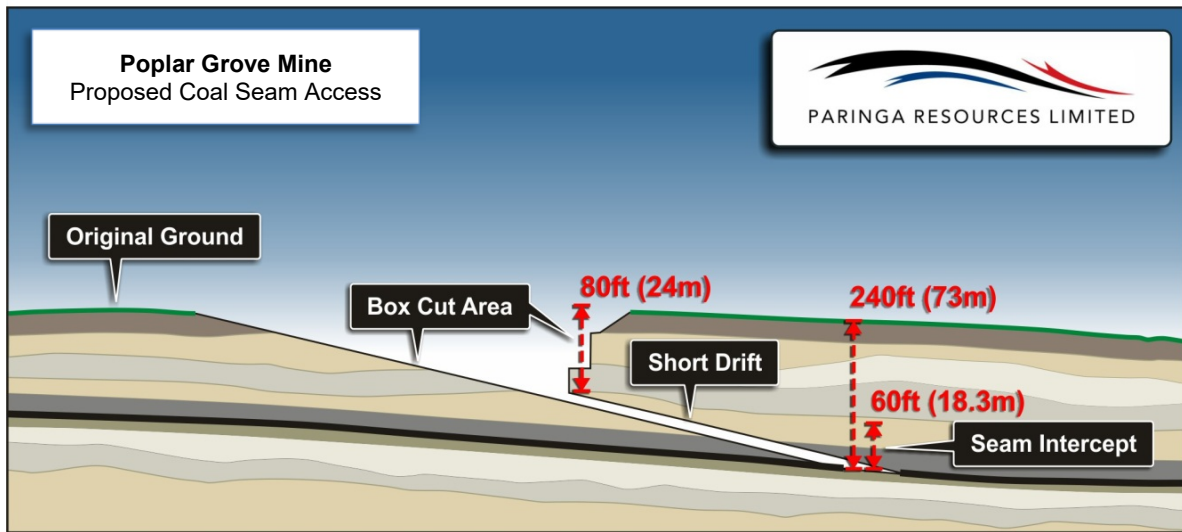


Figure 4: Proposed Coal Seam Access at Poplar Grove Mine

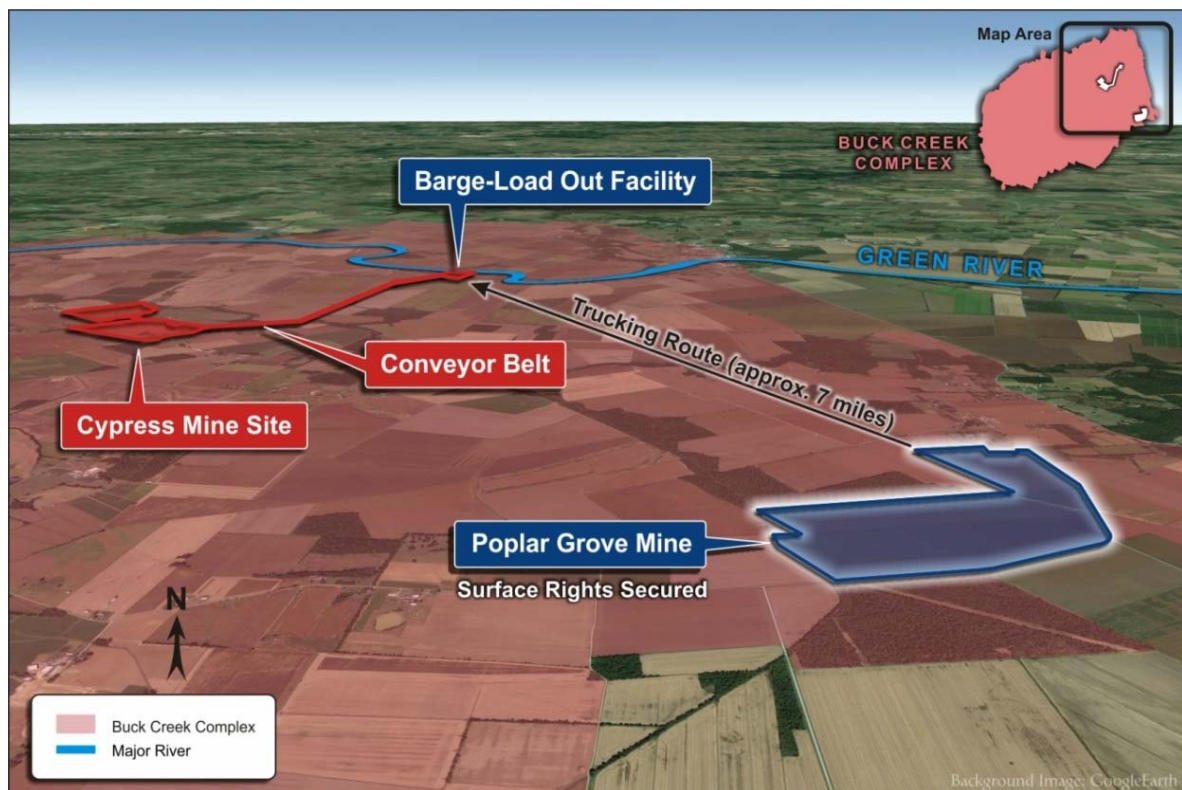


Figure 5: Location of the Poplar Grove and Cypress Mine Permits and Barge Load-Out Facility

Simple Underground Mining Operations

Proposed production from the mine will come exclusively from room-and-pillar mining. Selection of the mining method is validated by examining adjacent operations which are some of the highest productivity room-and-pillar mines in the world. In addition, room-and-pillar mining with continuous miners has received all of the necessary approvals from regulatory agencies at nearby operations and is supported by well-established equipment models with a ready supply of repair and maintenance parts located within the immediate geographic region. No prototype equipment will be used in this Project.

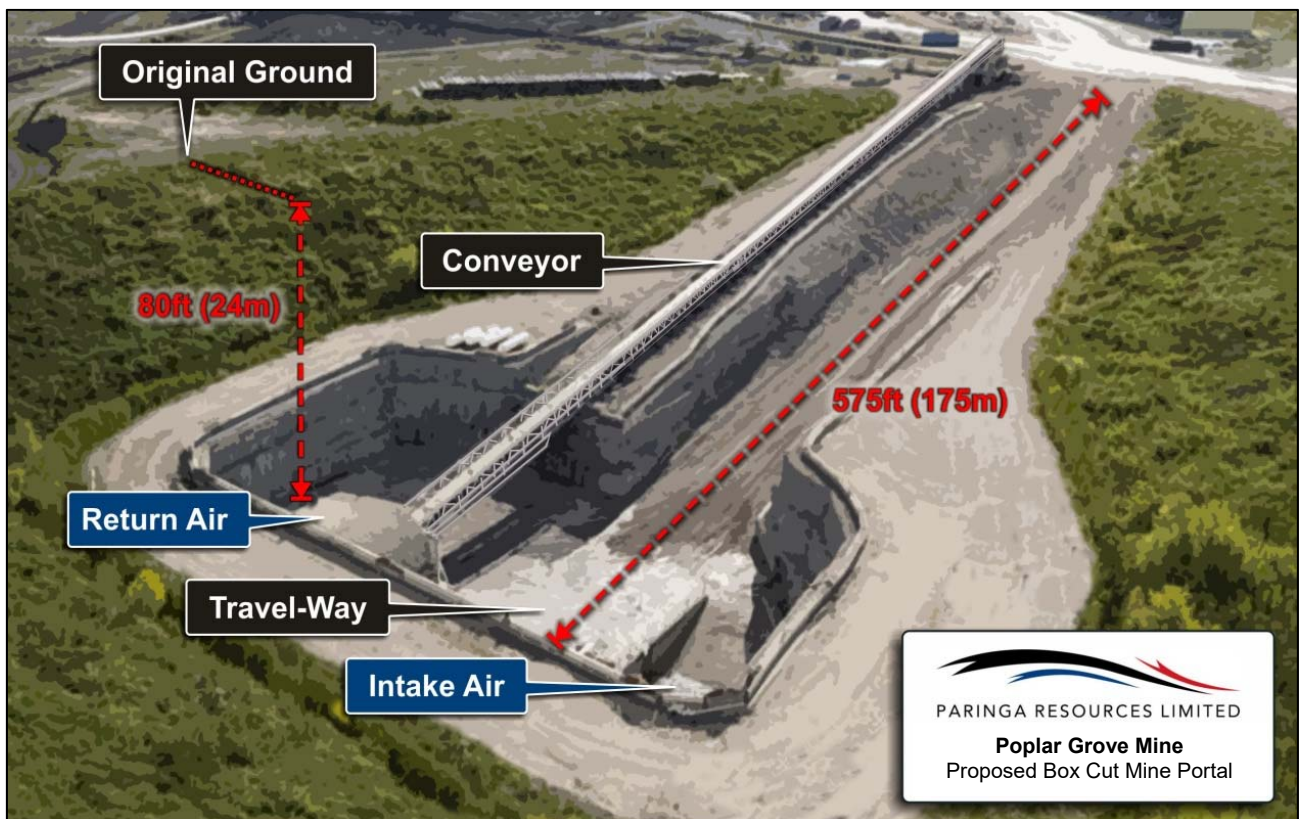


Figure 6: Top View of Proposed Box Cut and Four Drift Portals at the Poplar Grove Mine

Paringa's US-based executive staff has vast coal mining experience and, more specifically, operational experience in the WK No. 9 coal seam. The seasoned backgrounds of the leadership team will enable the successful development and execution of a sound business plan that incorporates management best-practices, engineering design, personnel selection and training, equipment selection, and a mine plan to maximize safe mine production and high productivity.

Mining Method

Production from the proposed Poplar Grove Mine will come from two continuous miner supersection units. Each supersection unit is equipped with two continuous miners and two roof-bolting machines for enhanced productivity.

In addition, each super-section will be equipped with a minimum of four battery haulers discharging onto a belt feeder/breaker, which provides surge capacity to reduce haulage dump times. Supersections will also include support equipment such as scoops for clean-up and supply, and supply cars for the storage and distribution of mine supplies.

Face ventilation will consist of split air where fresh intake air is directed through the central entries before it is split to ventilate the right and left sides of the section. After ventilating the roof bolters and continuous miners in the working faces, the return air will be routed through the exterior entries to exit the mine at the return portal or air shaft.

Coal Processing and Refuse Disposal

The ROM production for the Poplar Grove Mine will require processing (cleaning) in order to meet market specifications for coal quality. Paringa, along with a contractor who has over 30 years of experience designing and constructing processing plants in the Illinois Basin, developed a preparation plant flow sheet and blending rationale for the Cypress Mine that allows for a portion of the minus ½" ROM coal to bypass the preparation process and to be blended back with the processed (cleaned) coal to produce a higher yield product which meets customers' specifications. The amount of bypassed coal can be varied to produce a range of product qualities. This process design will be utilized at the Poplar Grove Mine in order to maximize yield and revenue.

The design capacity of the preparation plant will be a nominal 400 tons per hour. At full production, the plant will be scheduled for 250 processing days each year, which represents an average 5-day per week work schedule. The design capacity allows for adjustment to operating and maintenance schedules to efficiently meet annual processing requirements.

Coarse and intermediate refuse will exit the plant on a refuse collecting conveyor belt. The combined coarse and fine refuse will be placed in permitted refuse-disposal facilities adjacent to the preparation plant.

Permitting and Surface Rights

Permitting

The Poplar Grove Mine requires multiple permits for mining, coal preparation, support facilities, refuse storage, haul roads, transportation, loading, and other incidental activities necessary to support mining. Permitting for the Poplar Grove Mine is progressing as planned and remains on track for mine construction to begin mid-2017. The Cypress Mine is fully permitted for construction.

Rights to Surface Property for Mine Site and Barge Load-Out Facility

Paringa has secured 100% of the rights to acquire the surface property necessary to construct the Poplar Grove Mine. The surface rights secured represents a total of 318 acres controlled by local landowners. The secured mine site property for Poplar Grove complements the previously secured and permitted Barge Load-Out Facility.

The Buck Creek Complex is located in the western section of Kentucky approximately 30 miles south of Henderson, Kentucky (population 28,757) and between the towns of Calhoun (population 763) to the east and Hanson (population 742) to the west. The property is located within a 45-minute drive of Evansville, Indiana (metro population of 358,676) and within a two-hour drive of Louisville, Kentucky (metro population of 569,135) and Nashville, Tennessee (metro population of 1,589,934). Given the importance of coal mining to the region, community attitudes towards new underground coalmine developments are positive.

Next Steps

The Company expects to achieve the following during the upcoming quarter(s):

1. Complete the permitting process to begin construction of the Poplar Grove Mine;
2. Complete the final BFS to develop the Poplar Grove Mine (two seam operation) and Cypress Mine; and
3. Finalize discussions with debt and equity financiers to develop the Poplar Grove Mine.

CORPORATE

Capital Raising

During the quarter, the Company completed a placement of 19 million shares at an issue price of A\$0.42 per share to institutional investors to raise A\$8 million ("**Placement**").

The proceeds from the Placement will be used to complete an updated BFS for a potential two coal seam operation at the Poplar Grove Mine in early-2017 and to provide funding for the Company to commence development of the Poplar Grove Mine by mid-2017.

Board Changes

During the quarter, Mr. Todd Hannigan was appointed as Chief Executive Officer ("**CEO**") of the Company and Mr. Thomas Todd was appointed as Executive Director of the Company.

Messrs Hannigan and Todd were formerly the Chief Executive Officer and Chief Financial Officer respectively of Aston Resources Limited ("Aston Resources"). During this period, they led the growth of Aston Resources from a small private company into one of Australia's largest publicly listed coal companies. Aston Resources raised a total of \$855 million in debt and \$1.1 billion in equity funding to acquire and fully fund the Maules Creek coal project through to first coal production. In 2011, Aston Resources merged with Whitehaven Resources Limited in a deal valued at over \$5 billion.

Mr. David Gay will continue with the Company as President and Executive Director and Mr. Anastasios Arima will continue with the Company as Non-Executive Director.

EXPLORATION INTERESTS

Buck Creek Coal Leases

During the quarter, Paringa directly leased approximately 657 additional gross acres (226 ha) of coal from individual mineral owners at the Buck Creek Mining Complex.

At the end of the quarter, Paringa controlled approximately 39,027 gross acres (15,793 ha) of coal leases in Kentucky, United States, which comprise the Buck Creek Mining Complex. The area is controlled by Paringa through approximately 282 individual coal leases with private mineral owners.

Arkoma Coal Leases

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

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 announcement, to reflect the circumstances or events after the date of that announcement.

Competent Persons Statements

The information in this report that relates to Exploration Results, Coal Resources, Coal Reserves, Exploration Targets, Production Targets, Mining, Coal Preparation, Infrastructure, and Cost Estimation was extracted from Paringa's ASX announcements dated November 21, 2016 entitled 'BFS Confirms Low Capex Project With High Financial Returns', October 17, 2016 entitled 'Discovery of Additional Major Coal Seam at Poplar Grove Mine', and December 2, 2015 entitled 'BFS Confirms Buck Creek will be a Low Capex, High Margin Coal Mine' 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, Exploration Targets, and Coal Resources is based on, and fairly represents, 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. 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 Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on, and fairly represents, information compiled or reviewed by Messrs. Justin S. Douthat and Gerard J. Enigk, both of whom are Competent Persons and are Registered Members of the Society for Mining, Metallurgy & Exploration. Messrs. Douthat and Enigk are employed by Cardno. Messrs. Douthat, and Enigk have 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 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 Exploration target, Coal Resource, Coal Reserve, 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 presentation have not been materially modified from the original ASX announcements.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Paringa Resources Limited

ABN

44 155 933 010

Quarter ended ("current quarter")

31 December 2016

| 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 | (456) | (913) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (442) | (900) |
| | (e) administration and corporate costs | (220) | (474) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 19 | 28 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Research and development refunds | - | - |
| 1.8 | Other (provide details if material): | | |
| | (a) investor relations | (167) | (279) |
| 1.9 | Net cash from / (used in) operating activities | (1,266) | (2,538) |

| | | | |
|-----------|---|-------|-------|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | (247) | (372) |
| | (c) investments | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|------------------------------------|--|
| | (d) other non-current assets | - | - |
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material): | | |
| | (a) deferred consideration | - | (665) |
| 2.6 | Net cash from / (used in) investing activities | (247) | (1,037) |

| | | | |
|-------------|---|--------------|---------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 8,429 | 14,923 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (416) | (842) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 8,013 | 14,081 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 4,395 | 407 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,266) | (2,538) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (247) | (1,037) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 8,013 | 14,081 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | 30 | 12 |
| 4.6 | Cash and cash equivalents at end of period | 10,925 | 10,925 |

| 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 | 10,925 | 4,395 |
| 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) | 10,925 | 4,395 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

193

-

Payments to directors for services and defined contribution plans.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Not applicable.

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. | Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-----|--|---|--|
| 8.1 | Loan facilities | - | - |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |
| 8.4 | Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

Not applicable.

| 9. | Estimated cash outflows for next quarter | \$A'000 |
|-----|---|----------------|
| 9.1 | Exploration and evaluation | (500) |
| 9.2 | Development | - |
| 9.3 | Production | - |
| 9.4 | Staff costs | (400) |
| 9.5 | Administration and corporate costs | (150) |
| 9.6 | Other (provide details if material) | - |
| 9.7 | Total estimated cash outflows | (1,050) |

| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|------|---|--|---|---|---------------------------------------|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | - | - | - | - |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | Buck Creek Mine Complex located in Kentucky, USA | Coal leases with private mineral owners | 100% (39,027 acres) | 100% (38,370 acres) |

Compliance statement

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

Sign here:
(Director/Company secretary)

Date: 31 January 2017

Print name: Gregory Swan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.