

DECEMBER 2017 QUARTERLY REPORT

Paringa Resources Limited (“Paringa” or “Company”) (ASX: PNL) is pleased to present its quarterly report for the period ending December 31, 2017.

Highlights during, and subsequent to, the quarter include:

- Completed almost all of the excavation and site development works at the Poplar Grove Mine site area and barge load-out facility on the Green River;
- Continued erection of supporting structural steel and installation of key coal processing infrastructure at the coal handling and preparation plant (“CHPP”);
- Following completed installation of structural support steel sheet piling, Company has commenced construction of the slope decline to access the underground coal;
- Finalizing discussions in securing finance for all leased equipment at the Poplar Grove mine with the world leader in underground coal mining equipment;
- Continued progress in building long term relationships with our tier-1 customer base;
- Continued to strengthen the management, construction and operational team and relocation of head office to the Poplar Grove Mine Site in Kentucky; and
- Renewed the options to acquire the surface property area to construct the adjacent and permitted Cypress Mine, which have a term of 5 years.

Next Steps

- Continue construction of the CHPP, slope decline to access the coal and the barge load-out facility at the Poplar Grove Mine;
- Continue discussions with utilities located within the Ohio River and South East markets, potentially leading to additional sales contracts;
- Complete highly competitive lease finance package for leased equipment required for the Poplar Grove Mine;
- Paringa remains on track to produce first coal from Poplar Grove during Q3 2018.

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About Buck Creek Complex

Paringa Resources Limited is an emerging U.S. energy provider developing the high margin, low capex Buck Creek Mine Complex ("Buck Creek Complex") located in the growing Illinois Coal Basin ("ILB").

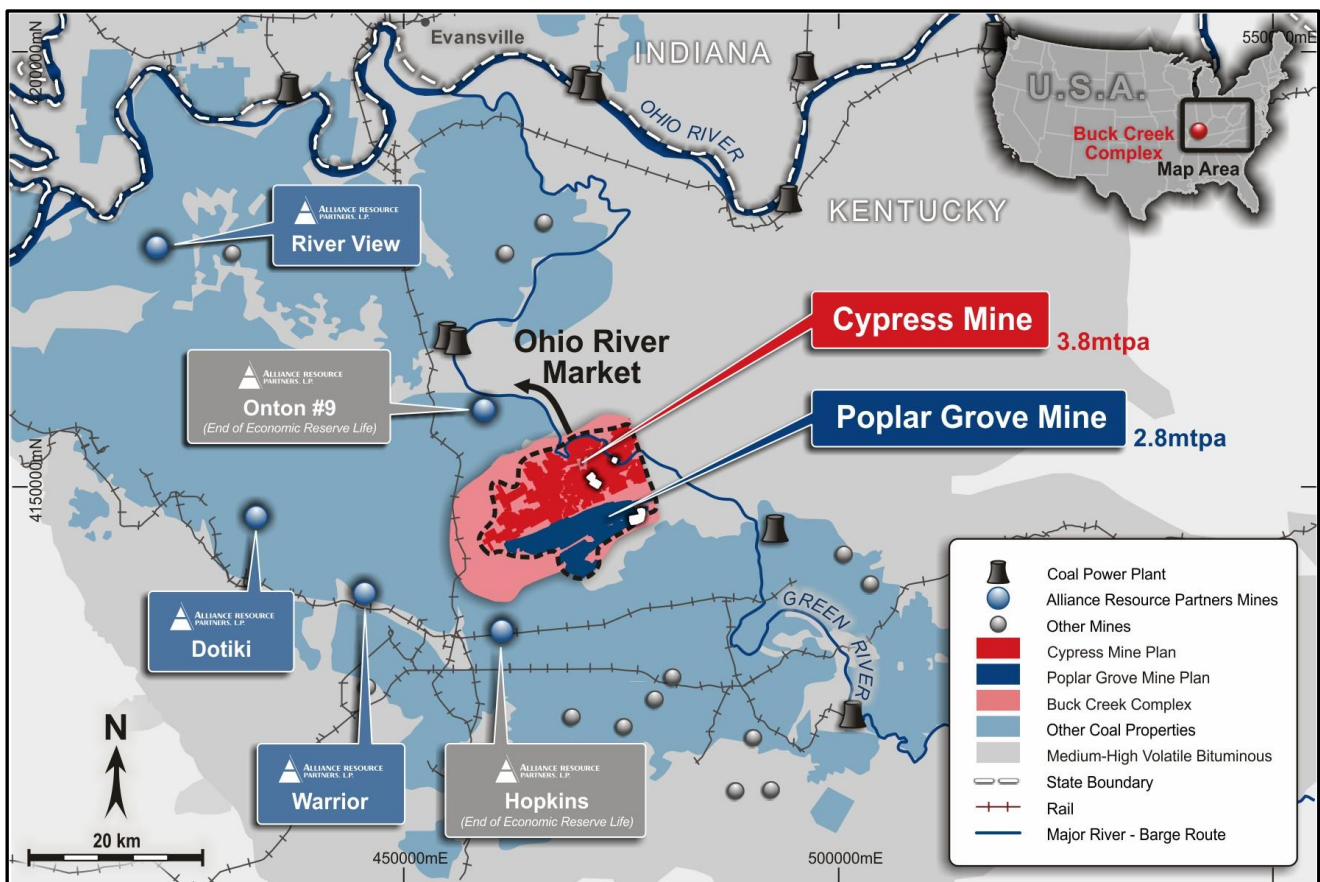
The Buck Creek Complex includes two fully permitted thermal coal mines: (1) the Poplar Grove Mine with planned production of 2.8 million tons per annum ("Mtpa"); and (2) the Cypress Mine with planned production of 3.8 Mtpa.

Construction has now commenced at the fully financed Poplar Grove Mine, with first coal expected to be produced during Q3 2018 following which the Group plans to commence construction of the Cypress Mine in 2019.

The Group's objective is to become the next major Illinois Coal Basin producer by developing low capital and operating cost mines located near low cost river transportation in the ILB.

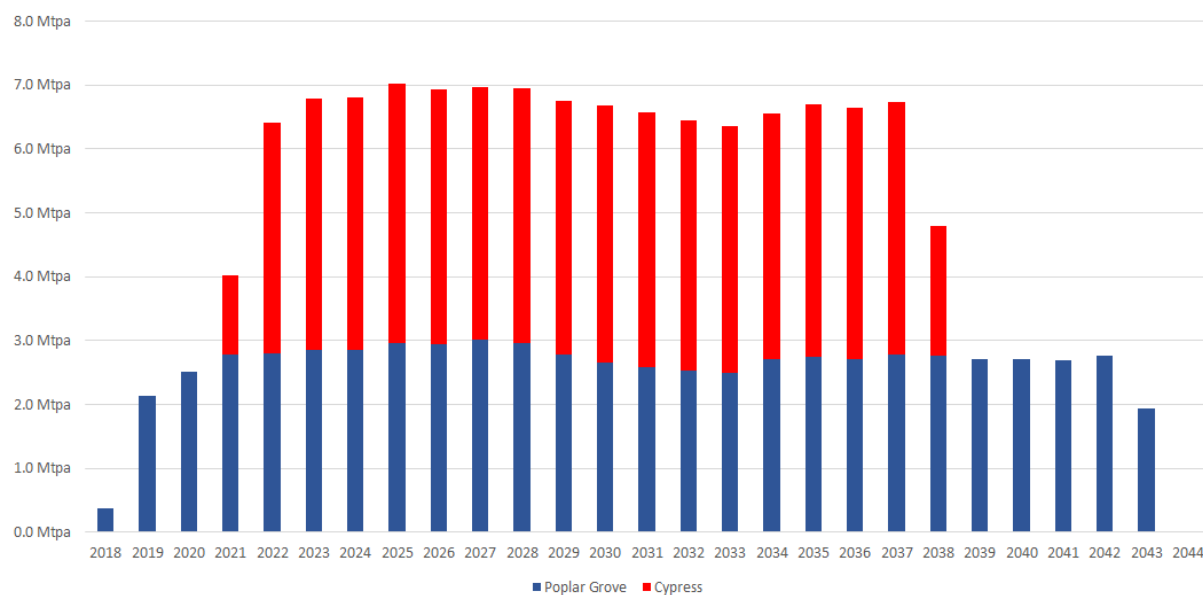
Once the Poplar Grove Mine is constructed, the Group will make low risk, low cost mine developments to grow its coal production to 6.6 Mtpa and beyond. The Group will underpin this additional growth with long-term sales contracts to ensure that additional capacity investments are low risk and generate high levels of free cash flow.

The simplicity of the Poplar Grove mine construction, coal mining operations and coal processing techniques provide relatively low execution and operational risks compared to other new mine developments.



Map of Buck Creek Complex and Local Mining Operations in Western Kentucky (Illinois Basin)

Buck Creek Production Profile



Production Profile of the Poplar Grove and Cypress Mines (2018 to 2044)

Buck Creek Development Timetable

Buck Creek	2017				2018				2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Poplar Grove</u>																				
Technical Studies	✓																			
Permitting	✓																			
Financing		✓																		
Construction			✓	✓																
Production																				
<u>Cypress</u>																				
Construction																				
Commercial Production																				

Development Timeline of the Poplar Grove and Cypress Mines (2017 to 2021)

Next Steps

The Company has an exciting 12 months ahead with a substantial amount of activity scheduled for the Poplar Grove Mine, including:

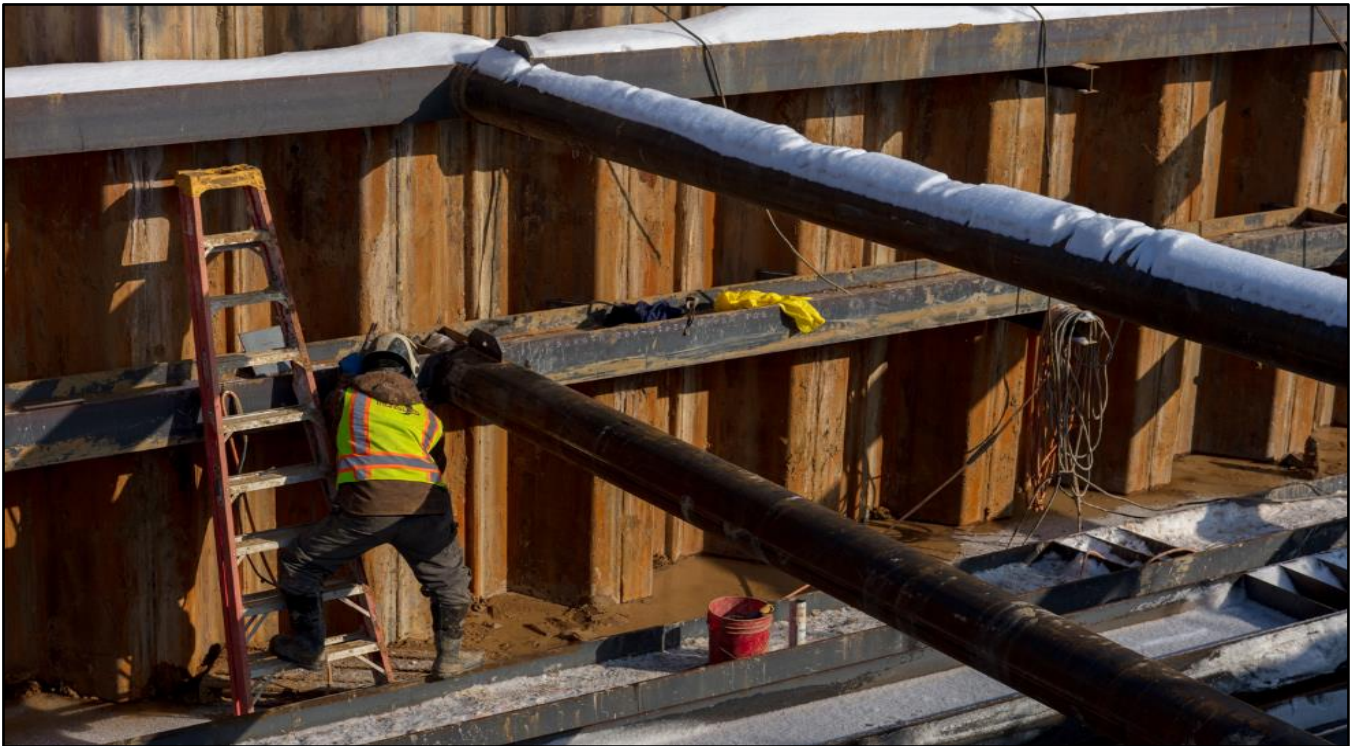
- Continue construction of the CHPP, slope decline to access the coal and the barge load-out facility at the Poplar Grove Mine;
- Continue discussions with utilities located within the Ohio River and South East markets, potentially leading to additional sales contracts;
- Completion of a highly competitive lease finance package for leased equipment required for the Poplar Grove Mine; and
- Paringa remains on track to produce first coal from Poplar Grove during Q3 2018.

Construction Continues at Poplar Grove

Construction at Poplar Grove went vertical this quarter with erection of structural support steel at the preparation plant. Major internal coal processing infrastructure is now being delivered and installed. In addition, Paringa completed the steel sheet piling to maintain support at the slope portal, and has now begun underground excavation of the slope decline to access the underground coal.



Installation of Internal Coal Processing Infrastructure at the Preparation Plant



Construction of the Slope Portal to Access Underground Coal



Excavation of the Slope Decline to Access Underground Coal



Completed Site Excavation at the Poplar Grove Mine Barge Load-out Facility

Paringa is in the final stages of securing a lease finance package for all mine equipment with a major mine equipment provider, who is also the world leader in underground mining equipment for room-and-pillar operations. Mobilization of shaft sinking equipment to construct the mine air ventilation shaft is expected to begin next month and installation of the barge load-out facility related infrastructure to begin in March 2018.

Following the appointment of Mr. Adam Anderson last quarter, a highly experienced and well-respected coal sales professional, the Company continues to make excellent progress in building relationships with the Ohio River and South-East markets, and is looking forward in executing Paringa's coal sales and marketing strategy. Paringa remains on track to produce first coal from Poplar Grove during September quarter of 2018.

Cypress Mine

The options to acquire the surface property to construct the Cypress Mine were due to expire 31 December 2017. Paringa successfully fully renewed these options on similar terms which have a term of 5 years.

Buck Creek Coal Leases

At the end of the quarter, Paringa controlled approximately 40,000 gross acres (16,185 ha) of coal leases in Kentucky, United States, which comprise the Buck Creek Mining Complex. The area is controlled by Paringa through approximately 300 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, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Paringa's ASX announcements dated March 28, 2017 entitled "Expanded BFS Results Confirms Development Pathway to A\$850 million NPV" 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 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 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 2017

Consolidated statement of cash flows		Current quarter US\$000	Year to date (6 months) US\$000
1. Cash flows from operating activities			
1.1 Receipts from customers	-	-	-
1.2 Payments for			
(a) exploration & evaluation	(5)	(12)	
(b) development	-	-	
(c) production	-	-	
(d) staff costs	(631)	(1,303)	
(e) administration and corporate costs	(345)	(582)	
1.3 Dividends received (see note 3)	-	-	
1.4 Interest received	163	232	
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)	-	-	
1.9 Net cash from / (used in) operating activities	(818)	(1,665)	

2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment	(3,283)	(4,441)	
(b) tenements (see item 10)	-	-	
(c) investments	-	-	
(d) other non-current assets	(176)	(527)	

Consolidated statement of cash flows		Current quarter US\$000	Year to date (6 months) US\$000
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	(3,750)	(3,750)
2.6	Net cash from / (used in) investing activities	(7,209)	(8,718)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	120
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	(2)	(38)
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	(2)	82

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	32,589	34,802
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(818)	(1,665)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,209)	(8,718)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	82

Consolidated statement of cash flows		Current quarter US\$000	Year to date (6 months) US\$000
4.5	Effect of movement in exchange rates on cash held	(16)	43
4.6	Cash and cash equivalents at end of period	24,544	24,544

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$000	Previous quarter US\$000
5.1	Bank balances	12,155	6,581
5.2	Call deposits	12,389	26,008
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)	24,544	32,589

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
US\$000**

190

-

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
US\$000**

-

-

Not applicable.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end US\$000	Amount drawn at quarter end US\$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.		

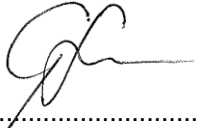
In April 2017, the Company accepted a committed letter of offer from Macquarie Bank Limited to provide a five-year US\$20 million secured Project Loan Facility ("PLF") and a US\$1.7 million Letter of Credit Facility ("LCF"). The key terms of the PLF are typical of a facility of this nature, including a floating interest rate comprising the 3-month LIBOR plus a margin of 10.5% pa during construction, falling to a 9.5% margin for the remainder of the loan. Provision of the facilities are subject to execution of formal documentation and satisfaction of a number of conditions precedent.

9. Estimated cash outflows for next quarter	US\$000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(700)
9.5 Administration and corporate costs	(400)
9.6 Other (provide details if material): (a) project capital expenditure	(12,400)
9.7 Total estimated cash outflows	(13,500)

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 Complex located in Kentucky, USA	Coal leases with private mineral owners	100% (39,797 acres)	100% (39,797 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 2018

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.