

POPLAR GROVE MINE CONSTRUCTION UPDATE

HIGHLIGHTS:

- **Significant progress made on construction activities at Poplar Grove;**
 - Surface excavation and development work is now substantially complete;
 - Major processing equipment installed at the coal handling and process plant ("CHPP") and is now ~70% complete;
 - The 7km 69kV power line and substation construction is now complete and is providing low cost power to the mine site; and
 - Underground excavation for the slope (decline) is progressing and purchase orders have been issued for the underground mining and support equipment.
- **Abnormal weather conditions in recent weeks resulted in minor impacts to completion schedule;**
 - Unseasonably heavy rains have resulted in some of the worst flooding in the local area around Poplar Grove in over 20 years;
 - Impacts on site were carefully managed and the resultant delays and costs to the construction schedule were minimized through management's counter measures;
 - Regulatory inspection of the mine site occurred last week and resulted in approval to recommence construction activities. Construction activities are now back to full capacity; and
 - Following a detailed engineering and cost review, the site clean-up and box cut remedial works are expected to be modest, and delays to the completion schedule are expected to be approximately four weeks. Actions are now underway to further reduce this schedule impact.
- **Paringa continues to see improvements in the domestic coal market over the medium term;**
 - 2018 and 2019 production offtake is almost fully committed;
 - Future coal sales contracts are focused on delivery from 2020 onwards, and the company is optimistic that improving market conditions - due to recent industry rationalisation, consolidation and positive regulatory effects - will provide a platform for improved pricing;
 - Murray Energy Corporation's recent acquisition of Armstrong Energy Inc further consolidates regional coal production capacity and enhances Paringa's value to utilities as one of the last remaining independent sources of high quality Illinois Basin ("ILB") coal outside of the majors;
 - The power demand effects of the recently announced Section 232 steel and aluminium tariffs are expected to be material to industrial electricity demand with a range of regional aluminium smelters and steel plants already announcing restarts; and
 - US and international coal demand continues to outpace supply and US coal stocks have been progressively falling – if these conditions continue, then we could expect to see higher coal pricing as we ramp Poplar Grove to full production.



Poplar Grove Construction Works on the Coal Handling & Preparation Plant and the Slope

Paringa Resources Limited (“**Paringa**” or the “**Company**”) (**ASX: PNL**) is pleased to provide the latest construction and marketing update.

All major processing equipment is installed at the CHPP and surface excavation and development works are substantially complete. The materials handling system construction is also progressing to plan, with completion of the raw coal reclaim feeder and conveyor and commencement of installation of the raw and clean coal stacking conveyor systems.

Electrical power is installed to site, with the power line and substation being commissioned on budget and time. The power line, supplying 69kV over 7km, was constructed by Groves Construction of Madisonville, KY and passed the MSHA commissioning inspection. Work constructing the circuit from the substation to the slope construction area is complete and FKC, the slope contractor, is now running on low cost mains power.

Excavation of the mine slope (decline) commenced, after completion of the final engineering and design of the slope roof support by Keystone Mining Services LLC, an affiliate of Jennmar, the world’s premier supplier of roof support for the mining industry.

Paringa issued purchase orders for underground production equipment to Komatsu Mining (formerly JOY Global), J.H. Fletcher, and other equipment suppliers. Final equipment specifications are complete and manufacturing time slots have been secured with no issues expected with equipment delivery prior to first production. Equipment orders are based on firm pricing commitments.

A competitive equipment finance process is nearing completion with final documentation now well progressed. Materially improved lease rates and terms have been negotiated by agreeing to provide 10% of equipment cost as deposits. This will result in a commensurate reduction in lease costs.

Abnormal weather conditions and impacts to construction schedule

Unseasonably heavy rains along the entire Ohio River valley has resulted in extensive regional flooding. The area around the Poplar Grove Mine experienced the worst flooding in over 20 years. Although all levee systems surrounding the barge load out facility and CHPP plant were in operation and performed to design during this event, the mine site levee system was still under final construction and, as such, the slope open cut and mine area were impacted by flood water.

This flooding halted construction activities at the site for approximately two weeks and, subsequent to the event, additional time will be required for site clean-up in saturated ground conditions and minor repairs. Following a detailed engineering and cost review, we can confirm that the site clean-up and box cut remedial works are expected to be modest, and delays to the completion schedule are expected to be less than four weeks. Actions are now underway to further reduce this schedule impact.

Paringa's onsite management team minimized the site damage through rapid action and careful supervision. The decision taken late in 2017 to change from a large earthen box cut access plan to a slope and shaft, with structural steel support, proved highly valuable as the extensive ground support prevented any significant damage from the floodwaters.

To prevent future short-term occurrences, Paringa is working with its site development contractor to build additional temporary flood control structures around the mine site until the final levees are completed in May. Once complete, the final levees will provide protection against severe flood events in the same manner as the CHPP and barge load-out levee system were protected during this recent event. The entire system has been designed to protect the mine site and infrastructure against 1 in 100-year flood events.

Coal market update

As noted before, Paringa has a strong contracted sales position, with 2018 and 2019 production almost fully committed. Future coal sales contract efforts are focused on delivery from 2020 onwards, and the company is optimistic that improving market conditions - due to recent industry rationalization, consolidation and positive regulatory effects - will provide a platform for improved pricing.

Murray Energy Corporation's recent acquisition of Armstrong Energy Inc further consolidates regional coal production capacity and enhances Paringa's value to utilities as one of the last remaining independent sources of high quality ILB coal outside of the majors. Paringa aims to become a valued supplier to local utilities and is highly encouraged by the excellent engagement, including site visits, from a wide range of local utilities.

The recently announced import tariffs of 25% on steel, and 10% on aluminum, using Section 232 of the Trade Expansion Act, could drive upwards of 3-4GW of around-the-clock regional electricity demand. This represents 0.7% of total US power demand growth (or 2.8% for industrial demand growth), and compares well to the forecast total US demand growth of 0.7% prior to the Section 232 announcements. Kentucky, Illinois and Indiana are large producers of steel and aluminum relative to other US states and the positive impacts of higher power demand, increased employment and higher GDP growth are expected to be beneficial to our regional market. The additional plant demand could include:

- Century Aluminum restart in Hawesville, KY, with an expected 600MW of incremental demand;
- Big River, AK to expand Electric Arc Furnace operations with an expected 450MW of incremental demand;

- Alcoa's Warrick Plant, IN, could restart their remaining two potlines with an expected incremental demand of 300MW;
- New Madrid, MI, aluminum smelter restart with an expected 600+ MW of incremental demand; and
- US Steel restart of the Granite City blast furnace, IL, and AK Steel will likely restart operations at Ashland, KY.

US and international coal demand continues to outpace supply and US coal stocks have been progressively falling - if these conditions continue, then we should expect to see higher coal pricing as we ramp Poplar Grove to full production.

Commenting on the progress made during the last few months Mr. Grant Quasha, Paringa's Managing Director and CEO, said, *"Construction at the Poplar Grove Mine continues to progress well, and our team and contractors have performed extremely well to minimize delays and costs during the recent flooding. I would like to personally thank them for their outstanding efforts in managing this event and mitigating cost and time impacts."*

"I would like to reiterate that we are doing everything we can to make up lost time and minimize cost impacts. Importantly, our levee system, where completed, functioned as designed and prevented any flood water from entering the site. When complete, the final levees will provide protection against all future 1 in 100-year flood events in the same manner. We continue to be very encouraged by the strong interest from the US domestic utility market and look forward to the market dynamics strengthening as Poplar Grove begins to ramp up to full production."

For further information, contact:

Grant Quasha

Managing Director & CEO

gquasha@paringaresources.com

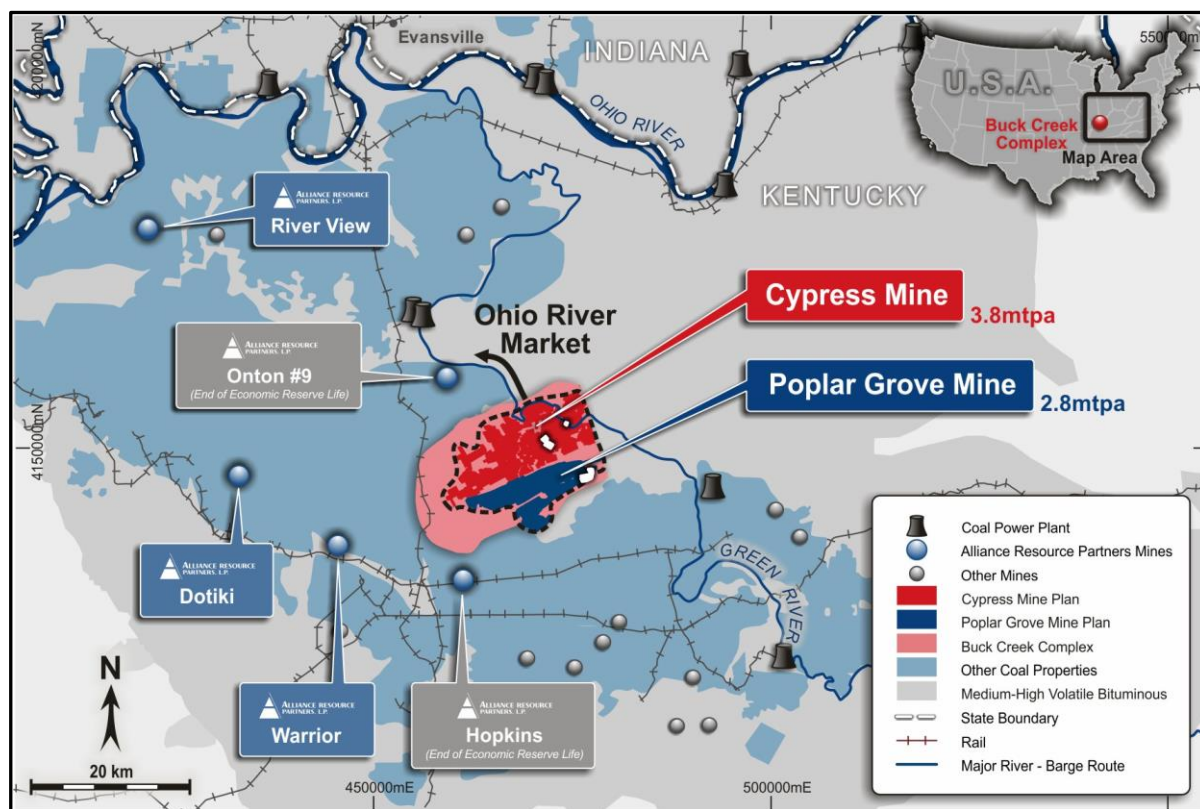
THE BUCK CREEK COMPLEX

Buck Creek coal mining complex (“**Buck Creek Complex**”) is located in the Western Kentucky region of the Illinois Basin.

The Buck Creek Complex comprises of over 40,000 acres of coal leases and includes two developing mines:

1. **Poplar Grove Mine:** Permitted 2.8 Mtpa thermal coal mine which is now in construction; and
2. **Cypress Mine:** Permitted 3.8 Mtpa Cypress Mine

Refer below for a map of Paringa’s Poplar Grove and Cypress Mines in relationship to historical coal mining in the Western Kentucky region of the Illinois Basin.



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

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 announcement 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 announcement have not been materially modified from the original ASX announcements.