



PARINGA RESOURCES LIMITED

ABN 44 155 933 010

Equity Raising Investor Presentation

17 May 2018

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You should be aware that as an Australian company with securities listed on the ASX, the Company is required to report reserves and resources in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). You should note that while the Company’s reserve and resource estimates comply with the JORC Code, they may not comply with the relevant guidelines in other countries and, in particular, do not comply with (i) National Instrument 43-101 (Standards of Disclosure for Mineral Projects) of the Canadian Securities Administrators and (ii) Industry Guide 7, which governs disclosures of mineral reserves in registration statements filed with the US Securities and Exchange Commission. Information contained in this presentation describing the Company’s mineral deposits may not be comparable to similar information made public by companies subject to the reporting and disclosure requirements of Canadian or US securities laws. In particular, Industry Guide 7 does not recognise classifications other than proven and probable reserves and, as a result, the SEC generally does not permit mining companies to disclose their mineral resources in SEC filings. You should not assume that quantities reported as “resources” will be converted to reserves under the JORC Code or any other reporting regime or that the Company will be able to legally and economically extract them.

Forward Looking Statements

Some of the statements contained in this presentation are forward looking statements. Forward looking statements include but are not limited to, statements concerning plans for its mineral projects, exploration and development activities, development plans and timing, development and operating costs, and other statements which are not historical facts. When used in this presentation, and in other published information of Paringa, the words such as “aim”, “could”, “estimate”, “expect”, “intend”, “may”, “potential”, “should” and similar expressions are forward-looking statements.

Although Paringa believes that its expectations reflected in the forward-looking statements are reasonable, such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors could cause actual results to differ from these forward looking statements include the potential that Paringa’s projects may experience technical, geological, metallurgical and mechanical problems, changes in mineral product prices and other risks not anticipated by Paringa.

Competent Persons Statements

The information in this report that relates 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 MM&A. 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. Mr. Suehs consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Coal Reserves, Production Targets, Mining, Coal Preparation, Infrastructure 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 MM&A. 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. Messrs. Douthat and Enigk consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Equity Raising – Providing a Strong Platform for the Growth of Poplar Grove



Offer size and structure	<ul style="list-style-type: none"> Paringa Resources Limited ("Paringa" or the "Company") (ASX: PNL) is pleased to announce an underwritten Equity Raising to raise approximately A\$30.2 million ("Equity Raising") comprising <ul style="list-style-type: none"> an institutional placement of approximately 31.8 million New Shares to raise up to A\$7.0 million (before costs) ("Placement"); and an accelerated, pro rata non-renounceable entitlement offer of up to 105.6 million New Shares on the basis of 1 New Share for every 3 shares held by eligible investors on the record date, to raise up to approximately A\$23.2 million (before costs) ("Entitlement Offer"). New Shares issued pursuant to the Placement will be ex-entitlement The New Shares issued under the Equity Raising will be listed on ASX and rank pari-passu with the existing fully paid ordinary shares
Offer price	<ul style="list-style-type: none"> Offer price of A\$0.22 per New Share, which, as at the last closing price of Wednesday, 16 May 2018 represents a: <ul style="list-style-type: none"> 26.7% discount to TERP¹ of A\$0.30; 34.3% discount to the last closing price of A\$0.335; and 24.9% discount to the 5 day VWAP of A\$0.293
Institutional Placement and Entitlement Offer	<ul style="list-style-type: none"> Placement to new and existing institutional investors and otherwise excluded investors without disclosure utilising the Company's available placement capacity under ASX Listing Rule 7.1. New Shares issued pursuant to the Entitlement Offer will be issued without disclosure and qualified for secondary trading under s 708AA of the Corporations Act The Entitlement Offer will be made to existing institutional and excluded shareholders² ("Institutional Entitlement Offer") followed by a retail component ("Retail Entitlement Offer") Retail shareholders may apply for additional New Shares beyond their pro-rata entitlement³
Retail Entitlement Offer³	<ul style="list-style-type: none"> Retail Entitlement Offer open to eligible retail shareholders in Australia and New Zealand from Thursday, 24 May 2018 to 5:00pm (AWST) Thursday, 7 June 2018
Director participation	<ul style="list-style-type: none"> Eligible Paringa Directors intend to participate in the Entitlement Offer by subscribing for New Shares representing their full pro rata entitlement
Lead Manager & Underwriter	<ul style="list-style-type: none"> Argonaut is the Lead Manager, Sole Bookrunner and Underwriter

- The TERP is a theoretical price at which Paringa shares trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Paringa shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Paringa's closing price of A\$0.335 on Wednesday, 16 May 2018
- Only those excluded shareholders that agree to be accelerated
- Retail shareholders must read the Retail Information Booklet which contains full information on the Retail Entitlement Offer and application process

Key Event	Time / Date ¹ (AWST)
Trading Halt and Announcement of Equity Raising	Thursday, 17 May 2018
Placement and Institutional Entitlement Offer Opens	8:00am Thursday, 17 May 2018
Placement and Institutional Entitlement Offer Closes (Australasia)	5:00pm Thursday, 17 May 2018
Placement and Institutional Entitlement Offer Closes (Northern Hemisphere)	12:00 Noon (New York time) Thursday, 17 May 2018
Announcement of outcome under Placement and Institutional Entitlement Offer	Monday, 21 May 2018
Trading in Paringa Shares recommences on an ex-entitlement basis	Monday, 21 May 2018
Record Date for Entitlement Offer	5:00pm, Monday, 21 May 2018
Retail Offer Booklet dispatched	Thursday, 24 May 2018
Retail Entitlement Offer opens	Thursday, 24 May 2018
Settlement of New Shares issued under Placement and Institutional Entitlement Offer	Monday, 28 May 2018
Allotment and trading of New Shares issued under Placement and Institutional Entitlement Offer	Tuesday, 29 May 2018
Retail Entitlement Offer Closes	5:00pm, Thursday, 7 June 2018
Announcement of outcome under the Retail Entitlement Offer	Wednesday, 13 June 2018
Settlement and Allotment New Shares issued under Retail Entitlement Offer	Friday, 15 June 2018
Dispatch of holding statements and trading of New Shares issued under Retail Entitlement Offer	Monday, 18 June 2018

1. The above timetable is indicative only and subject to change. Paringa, in conjunction with the Lead Manager, reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. All times and dates are in reference to Australian Western Standard Time.

A\$30m Equity Raising completes the funding required for the development of Poplar Grove



Sources of Funds	AUD M
Equity Capital Raising	30.2
Macquarie Project Loan Facility ^{1,2}	28.9
Cash Balance (30 th April 2018)	11.1
Total	70.2

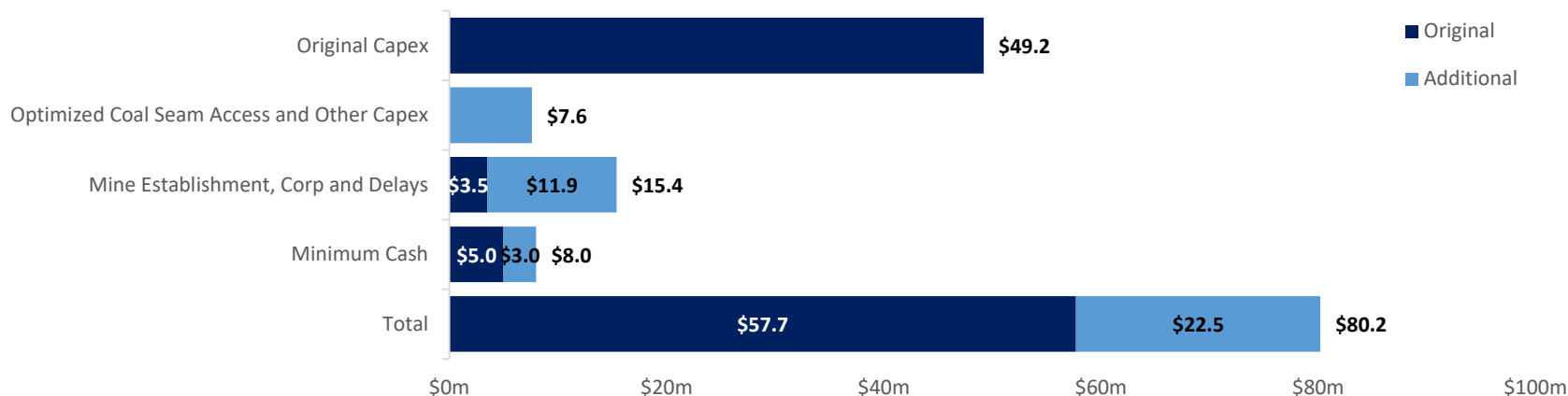
Use of Funds ³	AUD M ¹
Mine, Site and Dock Development	6.9
Slope and Shafts	17.2
Coal Handling and Preparation Plant	15.0
Other Capex	13.8
Plant and Infrastructure	53.0
Mine Establishment, Interest and Fees to Positive Cashflow	6.5
Minimum Cash Balance	10.7
Total	70.2

1. Assumed FX Rate of AUD:USD 0.75

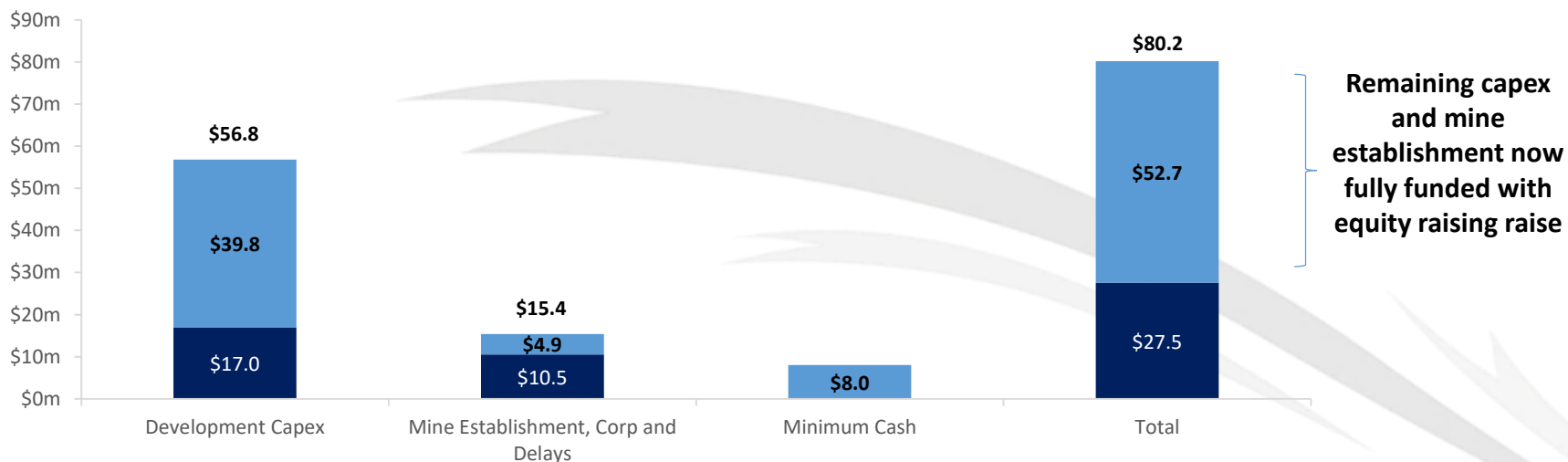
2. Macquarie loan facility has been executed

3. Indicative only based on capital requirements as at 30 April 2018

Development Costs: Original¹ and Additional Requirements (USD M)



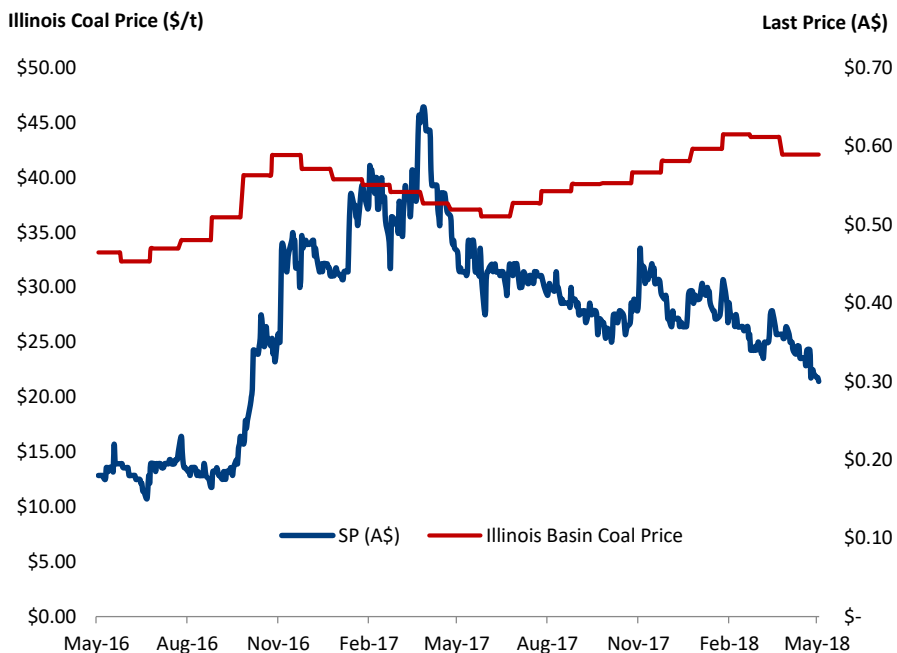
Development Costs: Spent to Date (Apr-18) and Amounts Remaining (USD M)



1. Includes \$4.5m contingency previously budgeted

Capital Structure

Current Shares on Issue	316.9 million
Equity Issuance @ A\$0.22 per share	137.4 million
Pro-Forma Shares on Issue ¹	454.3 million



Major Shareholders

Australian Super	11.3%
Colonial Funds Management	9.0%
Tribeca Partners	5.5%
Directors & Management	9.1%

Board

Ian Middlemas (Chairman)	Grant Quasha (Managing Director & CEO)
Todd Hannigan (Deputy Chairman)	David Gay (President & Exec. Director)
Tom Todd (Non Exec. Director)	Jon Hjelte (Non Exec. Director)
Richard McCormick (Non Exec. Director)	

1. 14.9 million additional options (various exercise prices from \$0.45 to \$0.66) and 16.4 million additional performance rights



Paringa has signed documentation with Macquarie Bank Limited to provide a two tranche US\$21.7 million secured Project Loan Facility ("PLF")



The key terms of the PLF are typical of a facility of this nature, including an interest rate of LIBOR plus 10.5% pa during construction, falling to a 9.5% pa margin for the remainder of the loan plus usual undertakings and events of default for a facility of this nature. The PLF is repayable by 30 December 2022



Upon first drawdown, Paringa will also issue to Macquarie 4.4 million options with an exercise price of ~A\$0.34, being a premium to the VWAP, and expiring 4 years from the date of issue



Paringa expects to drawdown the US\$21.7 million PLF in instalments between July and October 2018



Drawdown of the first tranche of US\$15 million is conditional on upon a number of conditions precedent, including raising minimum equity of US\$18.5 million, completion of final legal due diligence by Macquarie, execution of certain tripartite agreements, compliance with certain financial covenants and no material adverse change with respect to Paringa



Drawdown of the second tranche of US\$6.7 million is conditional on a number of conditions precedent, including execution of an additional coal sales contract for specified amounts before 31 October 2018

Following completion of the Equity Raising and drawdown of the PLF, Paringa will be fully funded to complete the construction of the Poplar Grove Mine through to positive cash flow from production, which is budgeted in Q2 2019

Optimized Coal Seam Access Costs and Other Capital

Coal seam access simplified via one major slope (i.e. decline)
 Change from box cut resulted from optimization review
 Regulators required additional soil stabilization with sheet piles around slope entry following recent ground control slope failure at nearby mine
 Mine plan more cost effective and efficient than conforming original box cut to regulator requirements
 Construction management and cost transfers from operating to capital cost
 Offset somewhat by reduced capital spend on other items
 Less: Contingency applied

US\$12.1 million

(US\$4.5 million)

Equipment Lease Deposit

Have secured lower cost lease package from equipment financiers
 Will require 10% down payment

US\$2.8 million

Record Regional Flooding Impacts

Direct clean up costs – worst flooding in 20 years
 Lost revenue modelled in start up from approximate one month delay
 Overhead and contractor costs in construction

US\$2.1 million

Regulatory Delays

Zoning delay of approximately one month due to local government error
 MSHA (Mine Safety and Health Administration) slow approval process of ~one month
 Lost revenue modelled in start up from delay
 Overhead costs in pre-construction

US\$2.0 million

Working Capital, Debt Facility Terms & Fees

General working capital
 Capital raising fees
 Debt provider adopted higher minimum cash balance during ramp-up
 Debt provider requires higher cost and capital contingency assumptions
 Increased cash buffer above Macquarie minimum

US\$8.0 million

Total

**US\$22.5 million /
 A\$30.2 million¹**

Poplar Grove Overview



The New Entrant into the Illinois Coal Basin



Poplar Grove Slope (Decline)

Status

- Near term production in Q4 2018
- Significant ramp up in 2019 with full production from two initial units in 2020
- Low Cash Cost Asset
- 92% of Initial Construction Capital Committed

US\$31m EBITDA / A\$41m EBITDA

- Expected to be Cash Flow positive in Q2 2019
- US\$31m / A\$41m EBITDA in 2020

Low Leverage

- ~0.7 x Debt/EBITDA multiple in 2020
- Significant cash generation in current market

Rebounding Market with Contracted Sales

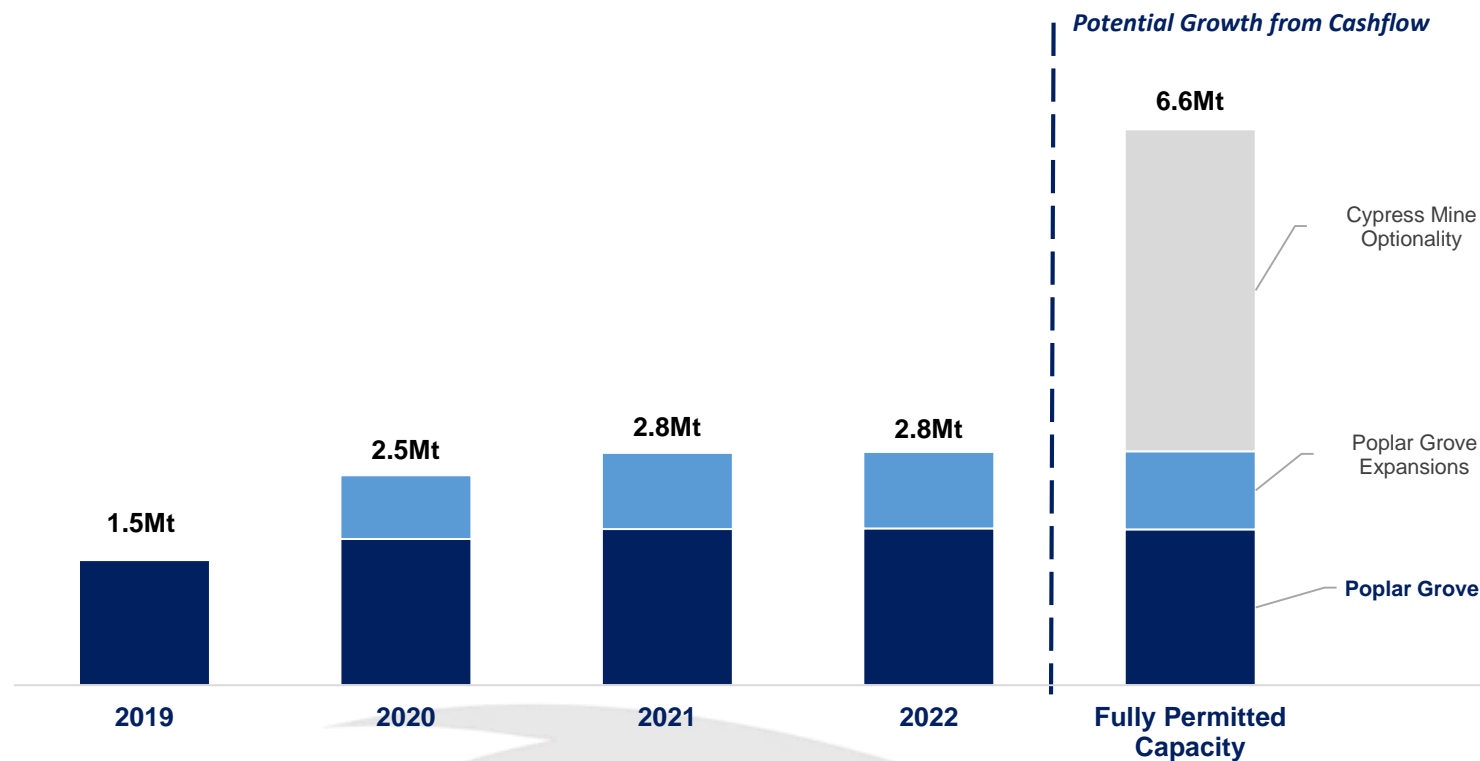
- Significant reduction in thermal coal stockpiles
- Continued strong export markets
- LG&E base cornerstone customer
- Future contracts in a rebounding market

332 Mt Resource Base¹

- 25 Year life of Mine
- Largest Undeveloped Position in the No. 9 Seam of the Illinois Basin
- Scalable project with potential growth from fully permitted Cypress mine

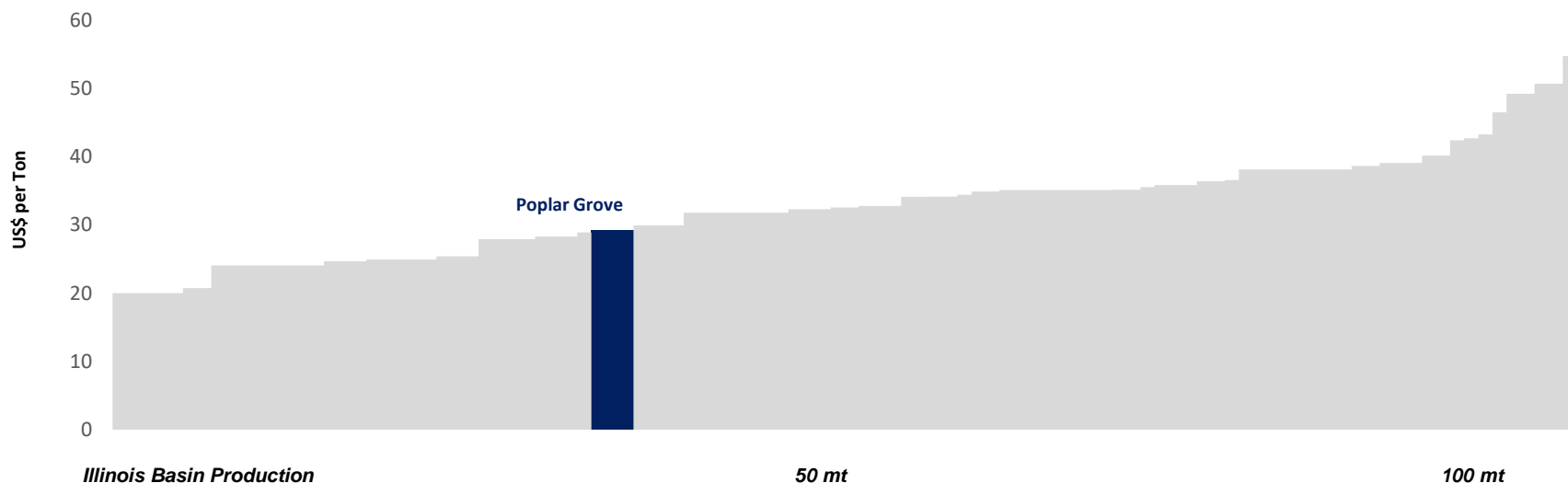
1. Comprising 103.6Mt Measured and 228.6 Indicated

Strong Production Profile & Growth Optionality



- Fully funded production profile of 2.8Mtpa upon completion of the equity and debt raising
- Further growth optionality Cypress Mine when the market warrants and potentially funded through cashflow to reach a combined production capacity from both mines of 6.6Mtpa
- All permits in-place for current and potential production profile

Illinois Basin “Mine Gate” Cost Curve¹

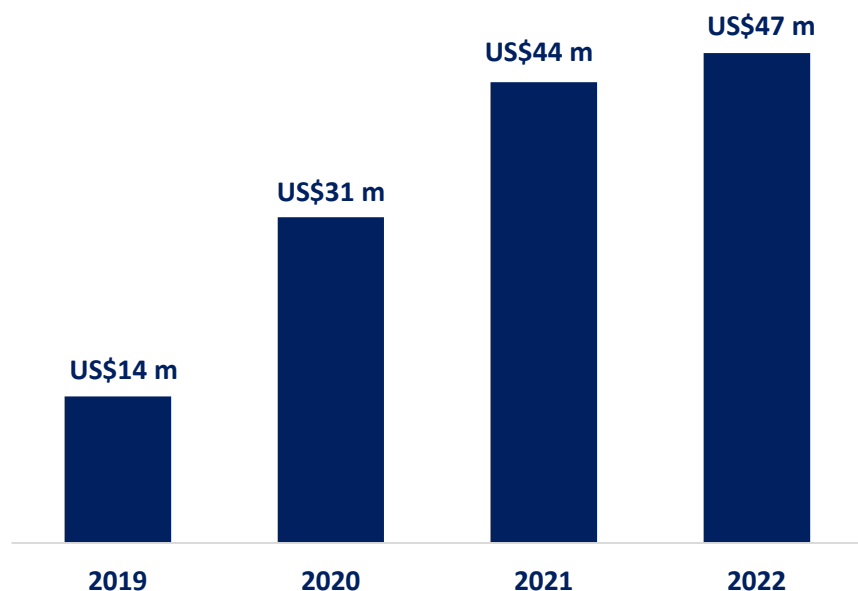


- ✓ Drilling indicated coal seams are expected to be +90% “in-seam” yield
- ✓ High coal quality leads to higher productivity and higher plant yield compared to neighboring mines
- ✓ Simple, low cost, room-and-pillar mine operations
- ✓ Simple, well understood processing techniques
- ✓ Highly skilled, non-union workforce in a mining friendly jurisdiction
- ✓ Access to low cost power, utilities and transportation

1. Wood Mackenzie. Refers to cost curve for forecast 2017 production totaling 98 mt plus the costs for an additional 6.6 million tons from Paringa’s Poplar Grove and Cypress Mines

Significant Cashflow Generation & Operating Margins

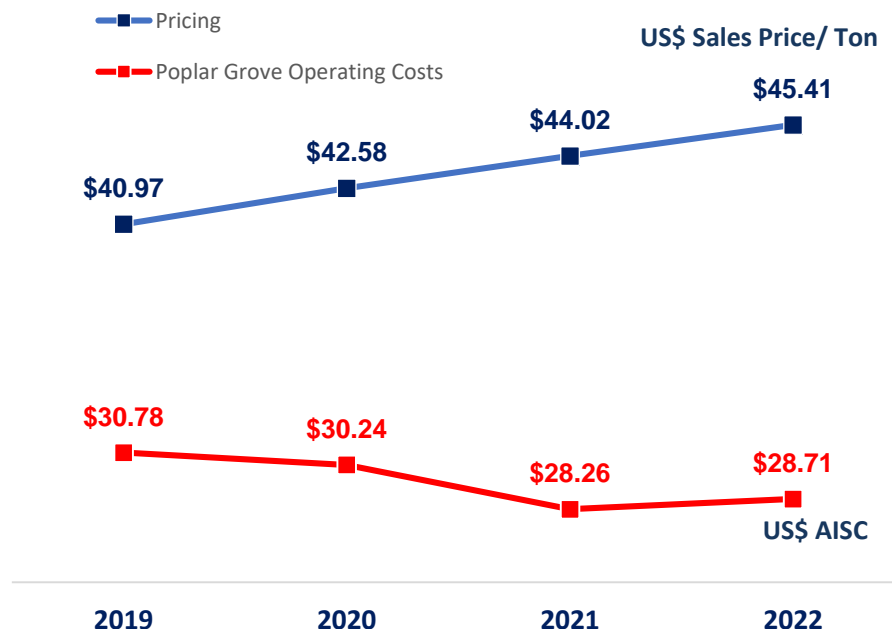
EBITDA Potential



US\$135+ Million

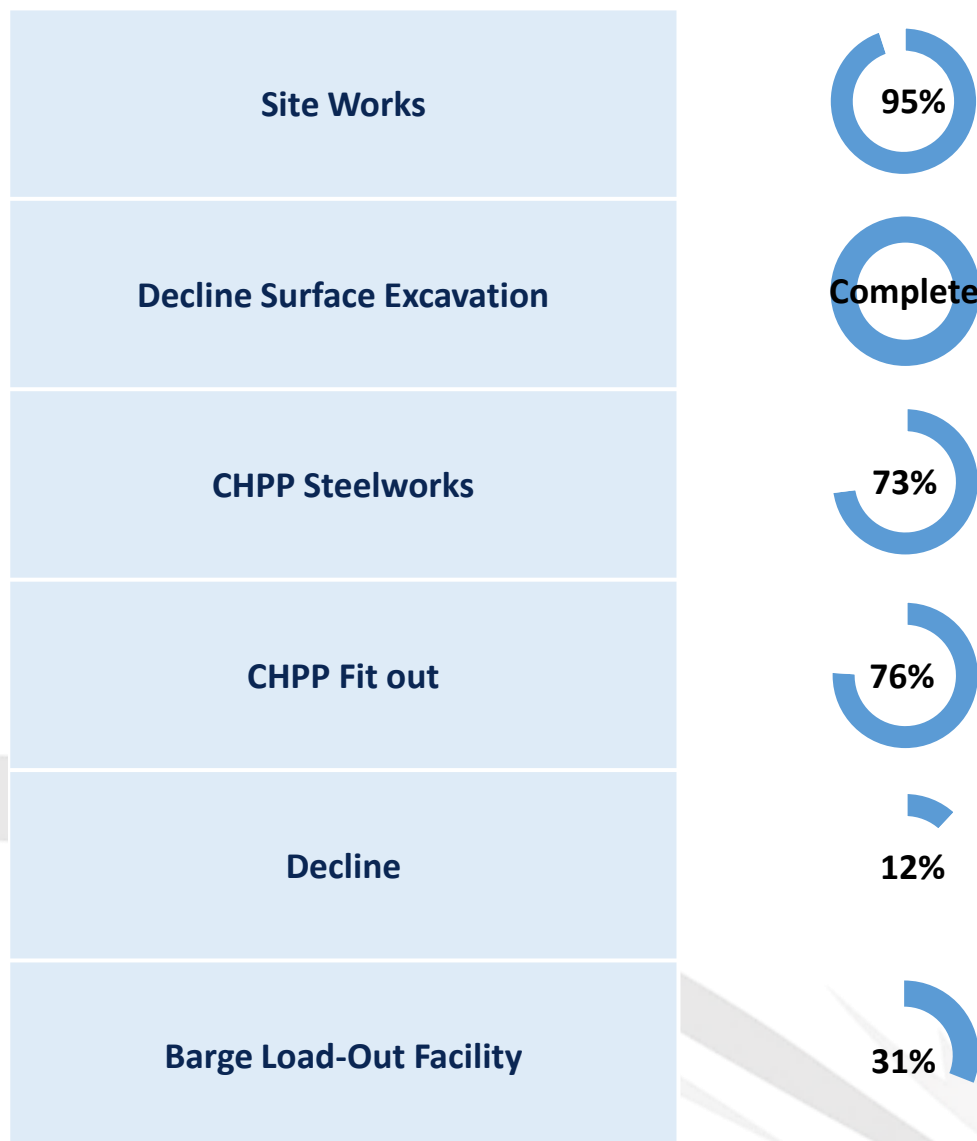
Cumulative EBITDA over the period 2019 to 2022

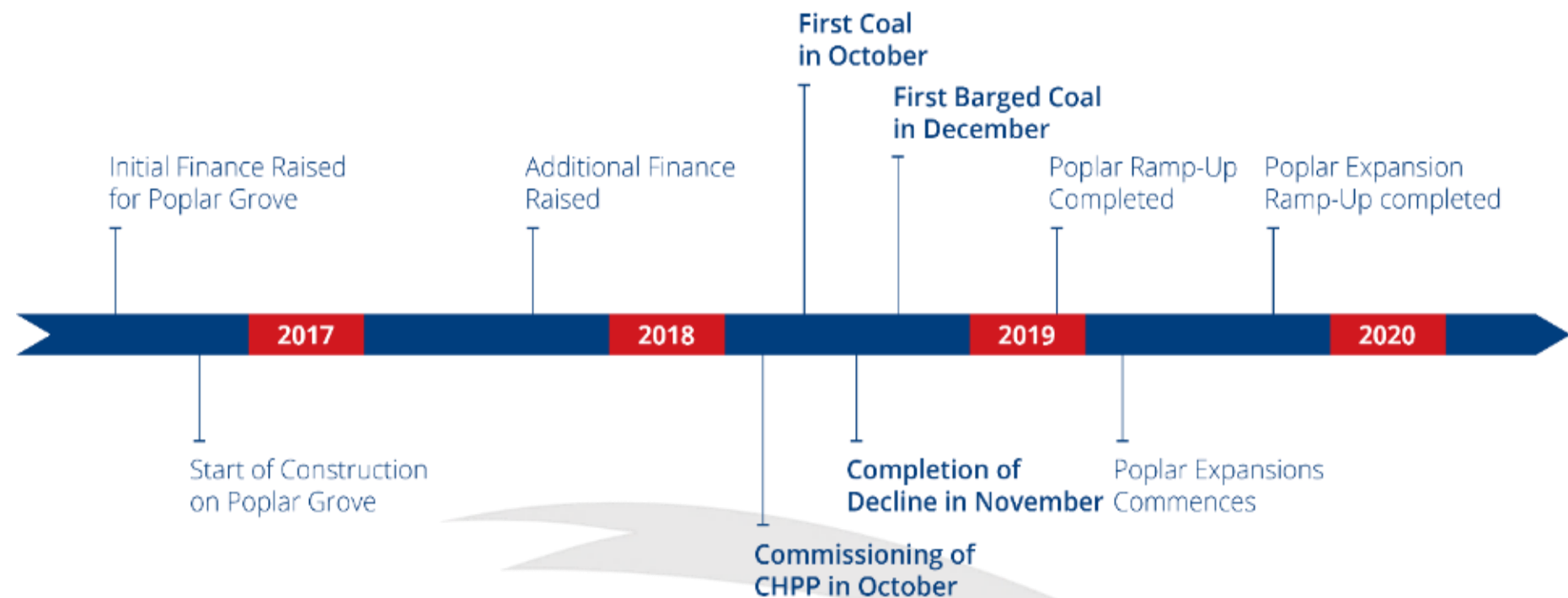
Strong Operating Margins



- EBITDA potential based substantially off long term utility contracts
- Full run-rate potential EBITDA of US\$55+ million from funded operations and low cost Poplar Grove Expansion (second seam)
- Low cost, simple Illinois Basin underground mining providing long term sustainable margins throughout the cycle

Construction Nearing Completion



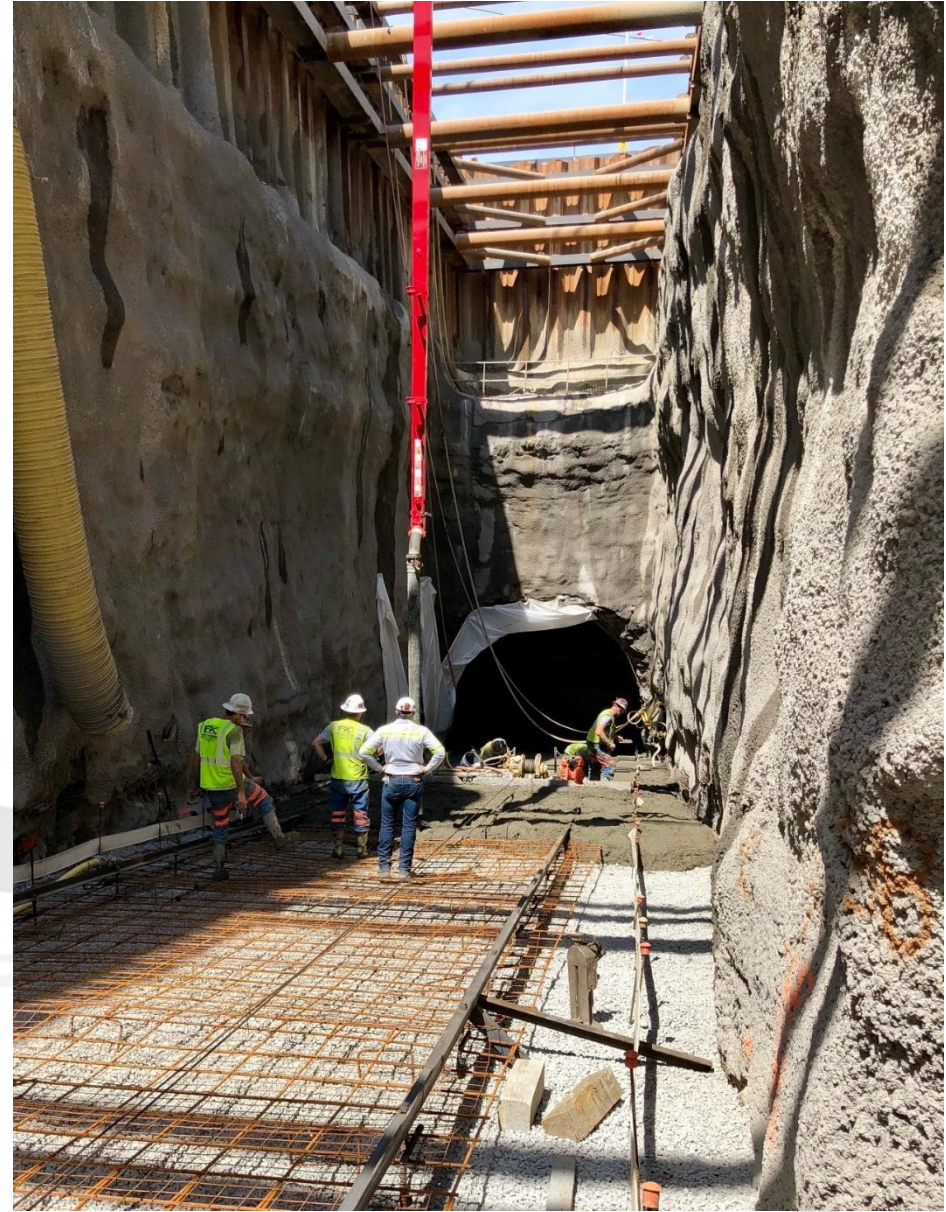


Buck Creek Complex Development & Production Plan

Development Timetable

Buck Creek	2018		2019		2020		2021	
Timing	1H	2H	1H	2H	1H	2H	1H	2H
Poplar Grove – Initial Development								
Financing	→							
Construction	→							
Production WK No. 9								→
Poplar Grove – Planned Expansion (Seam 2)								
WK No. 11 Incline								
Production WK No. 11								→
Cypress – Potential Development								
Construction								
Production								→

Poplar Grove Construction Progress



Poplar Grove CHPP

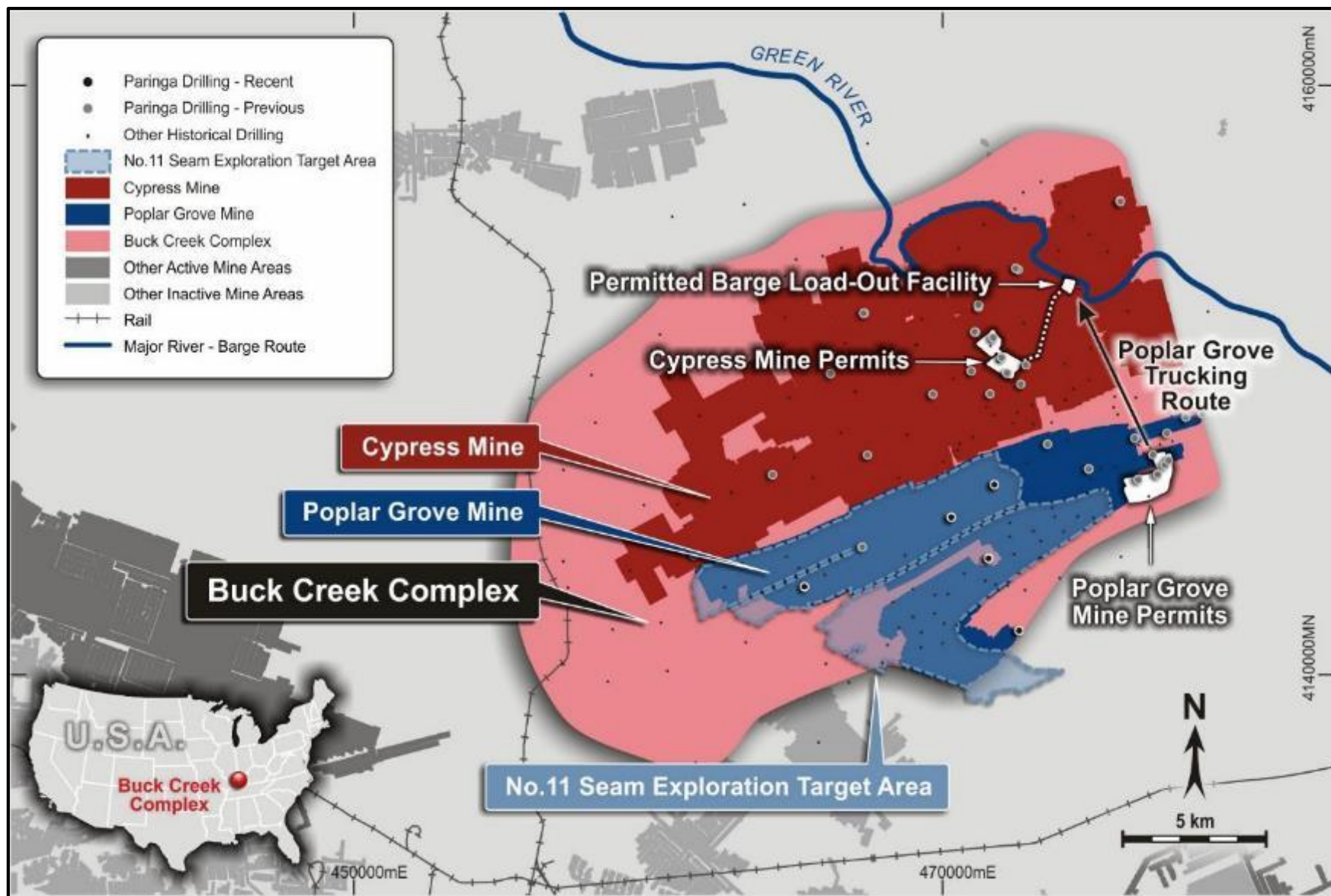


Poplar Grove Air Shafts

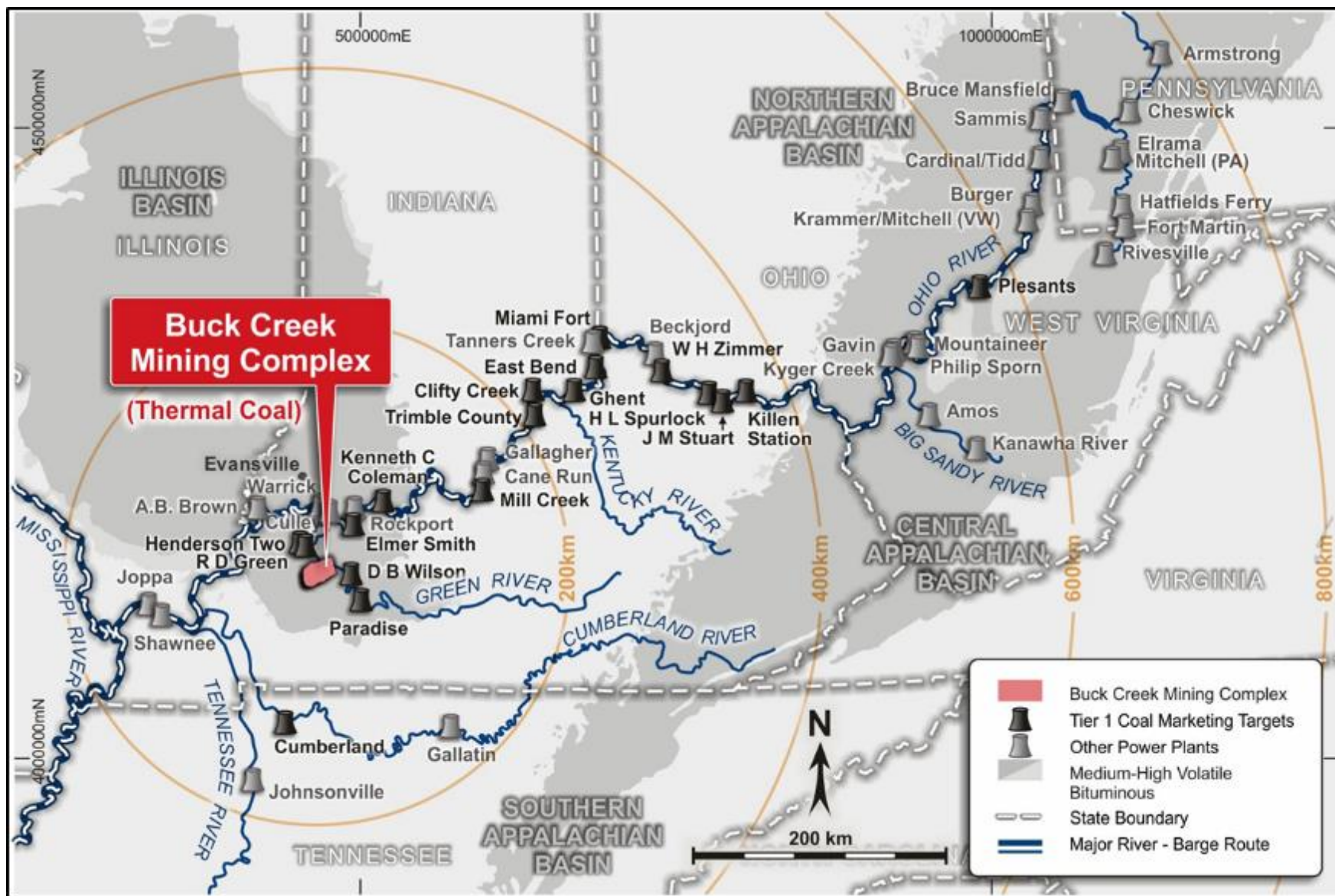




Largest Undeveloped Position in the West Kentucky No. 9



A Unique Location with Excellent Access to Key Markets





Paringa proposes to execute a secured financing package for mining equipment at Poplar Grove Mine with Komatsu to finance the purchase of US\$18.4m of equipment from Komatsu on instalment terms



Komatsu, a Japanese multinational corporation, is a dominant global mining equipment manufacturer, and in 2017 it acquired leading U.S. mining equipment manufacturer Joy Global



Komatsu's equipment finance package covers the majority of the upfront capital costs for the key mining and ancillary equipment at Poplar Grove Mine



Komatsu has also agreed to provide an additional equipment financing facility of up to US\$7.5m for the purchase of non-Komatsu equipment



Improved lease rates were negotiated by agreeing to provide upfront deposits, representing approximately 10% of the equipment cost



Paringa has agreed to purchase any additional surface mining equipment or construction equipment required for its Poplar Grove Mine from Komatsu or its affiliates or Brandeis Machinery & Supply Company



The Komatsu purchases and the equipment financing facility contain other standard terms such as undertakings and events of default that are considered customary for equipment financing of this nature



Paringa has a cornerstone coal sales contract with LG&E and KU, one of the biggest fuel buyers within the Ohio River, to sell 4,750,000 tons of its 11,200 btu/lb product from 2018 to 2022



Paringa has also been in discussions with a wide-range of customers located within the Ohio River and South-East markets for additional future coal sales from Poplar Grove



Paringa is currently in advanced discussions with one of the largest US utilities for a new two-year sales contract for its 11,500 Btu/lb product, which if signed, will satisfy the additional coal sales condition precedent for drawdown of the PLF second tranche of US\$6.7 million



Most of Poplar Grove's 2018 and 2019 production offtake is contracted with LG&E and KU, and future coal sales contracts are focused on delivery from 2020 onwards



The LG&E and KU agreement is conditional upon Paringa achieving commercial production and first shipment by December 31, 2018, which the Company remains on track to do

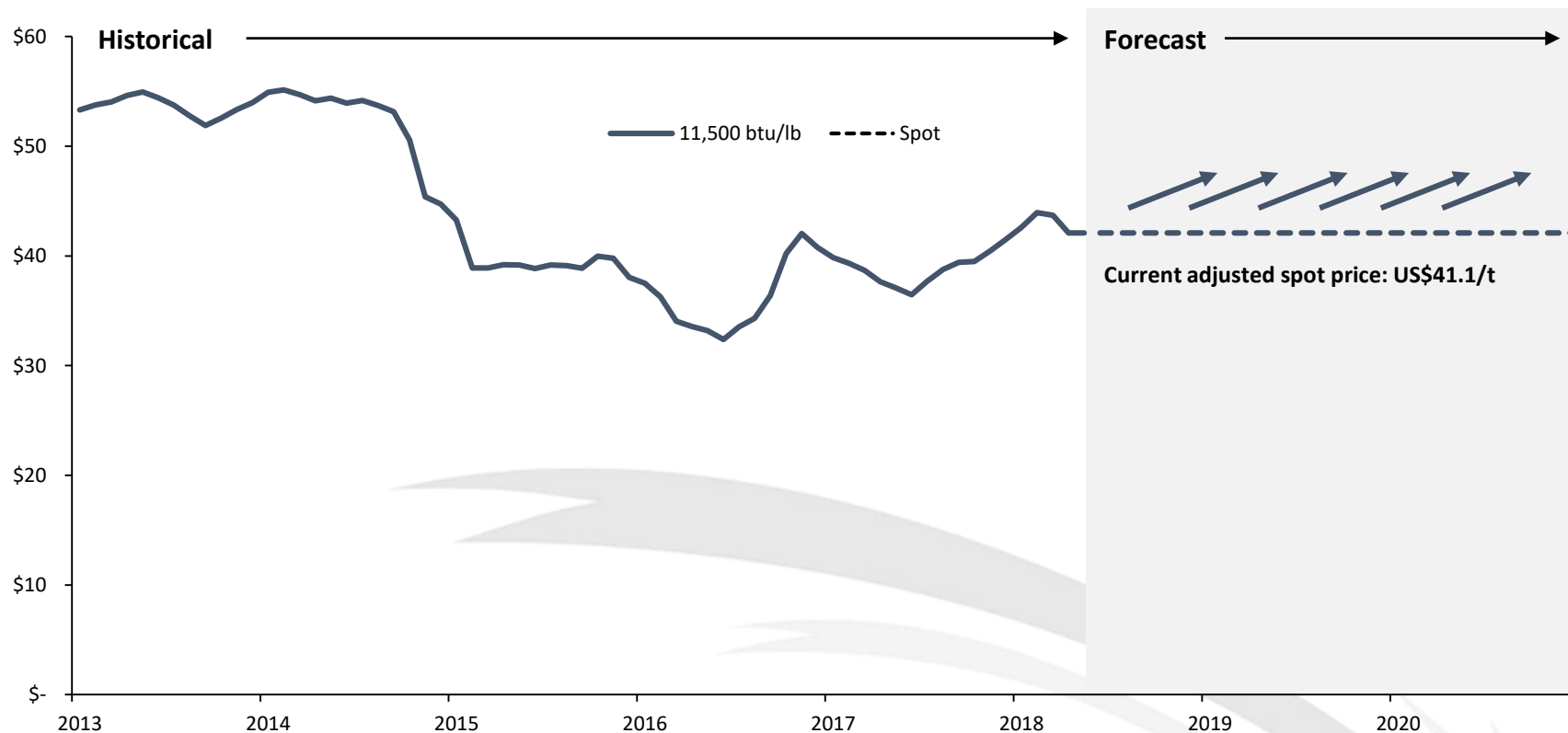
US Coal Market Overview



Positive Illinois Thermal Coal Price Outlook

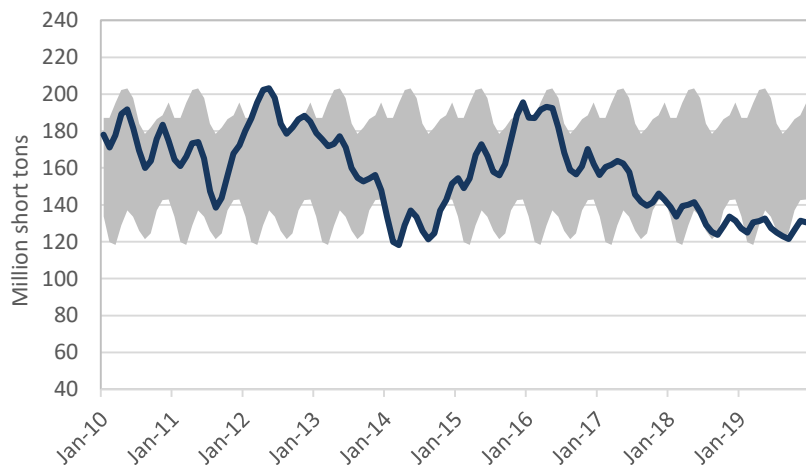
As Illinois Basin thermal coal supply tightens and stockpiles decrease, the Coal Price is expected to steadily increase

Illinois Basin Thermal Coal Price 11,500 btu/lb (Low Chlorine)^{1,2}

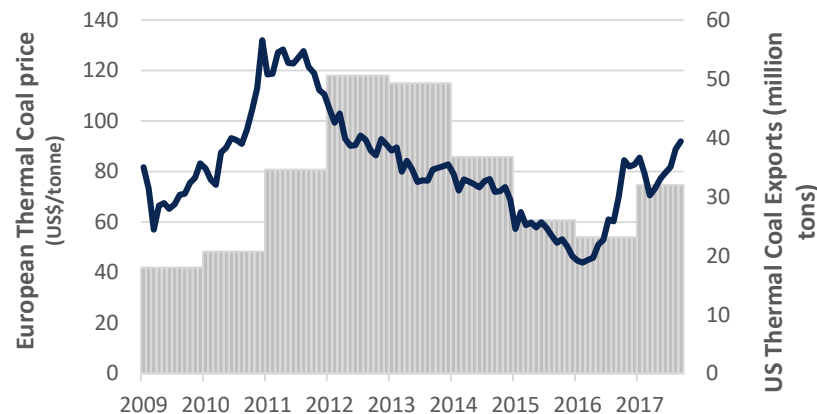


1. Wood Mackenzie data May 2018
 2. Paringa attracts a minor discount (11,238 btu/lb)

Decreasing Power Sector Coal Stockpiles

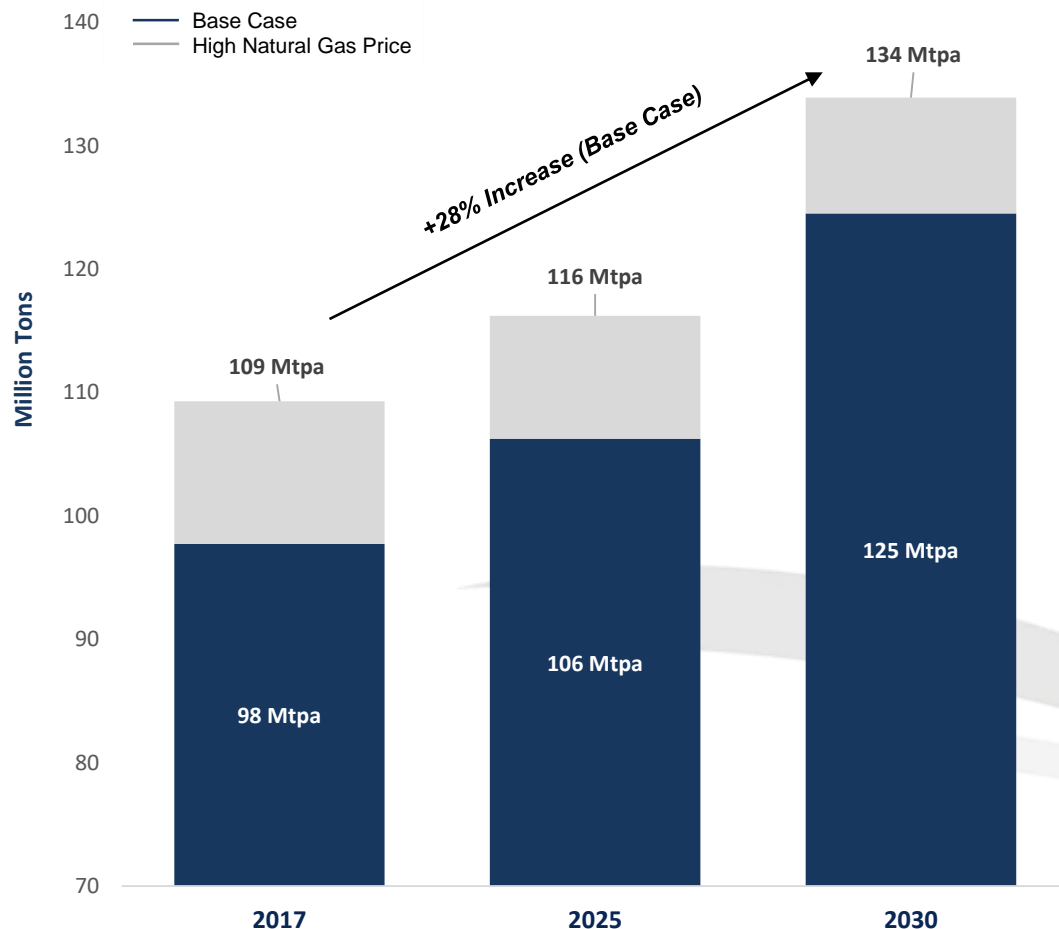


US Coal Exports Rapidly Rising



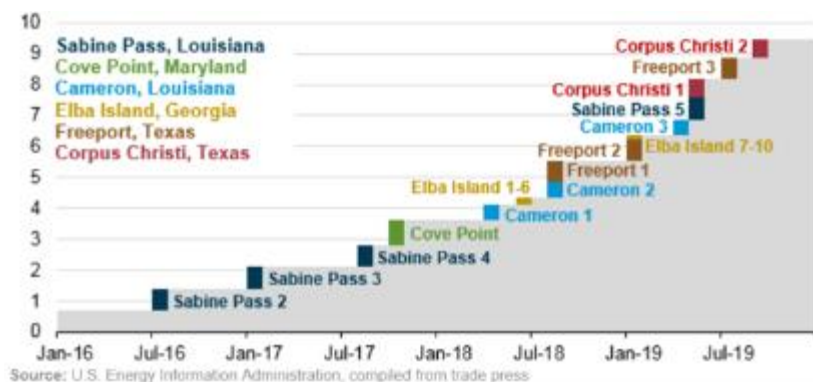
- ✓ As export markets continue to draw US thermal coal out of its domestic market, NAPP/CAPP prices have rebounded ~20 to 25%. The Illinois Basin may soon follow
- ✓ US coal stockpiles expected to fall to ~130 million tons by the end of 2018 (from almost 200 million tons at the start of 2016)
- ✓ The general perception is that US economic growth is expected to remain strong, creating a significant increase in demand of US energy and coal
- ✓ Average Illinois Basin sales price of \$42.00 per ton in 4Q17¹
- ✓ Average Illinois Basin expense of \$24.93 per ton in 4Q17²

Illinois Basin Demand¹ (2017 to 2030)



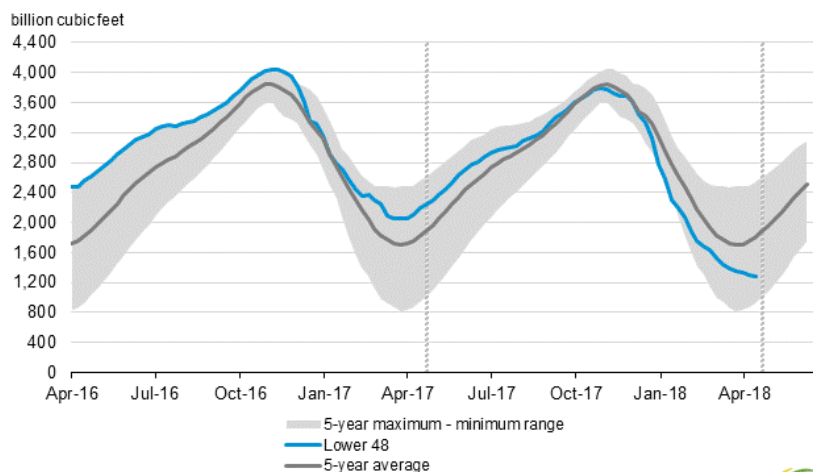
- ✓ Lowest delivered cost to Eastern US power markets
- ✓ Highly productive, low cost mine operations
- ✓ Access to low-cost transportation infrastructure
- ✓ Highly skilled, non-union workforce
- ✓ Continues to displace higher delivered cost US Coal Basins (i.e CAPP)
- ✓ Improving regulatory outlook

US LNG Export Capacity (2016 to 2019)



- ✓ US produces 72.5 Bcf/d of natural gas and is now a net exporter
- ✓ LNG export capacity expected to increase from 1.4 Bcf/d to 9.5 Bcf/d by 2019

Natural Gas Stockpiles



Source: U.S. Energy Information Administration



- ✓ Declining pipeline natgas imports from Canada projected
- ✓ Expected near doubling of export pipeline capacity (14 Bcf/d) to Mexico by 2019
- ✓ Mexico installing +50 GW in new energy generation, mostly powered by natgas

Appendix: Key Risks, International Offer Restrictions, and ASX Additional Information

1.1 Introduction

There are a number of factors, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operation, exploration, development and financial performance and/or financial position of the Company, its prospects, and/or the value of the Shares. Many of the circumstances giving rise to these risks are beyond the control of the Company, the Directors or its management.

Set out below are the areas the Directors regard as the major risks associated with an investment in the Company. However, the following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Company and should be used as guidance only. These risks and uncertainties are not the only ones facing the Company. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Company's business operations, prospects, financial condition and operational results. Additional risks and uncertainties relating to the Company that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business operations, prospects, financial condition and operational results. If any such risks should occur, the price of the Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances.

There may also be additional risks (including financial and taxation risks) that you should consider in light of your own personal circumstances.

1.2 Specific investment risks

a) Project development

The Company has not yet completed the development of the Poplar Grove Mine and does not expect to commence production at the Poplar Grove Mine until Q4 of 2018. The Company expects to incur significant capital expenditures during the continued development of the Poplar Grove Mine. The Company may encounter unexpected difficulties, including shortages of materials or delays in delivery of materials, unexpected operational events, facility or equipment malfunctions or breakdowns, unusual or unexpected adverse geological conditions, cost overruns, regulatory issues, adverse weather conditions and other catastrophes, such as explosions, fires, floods and accidents, increases in the level of labor costs and the existence of any labor disputes, and adverse local or general economic or infrastructure conditions. In addition, there will be operating losses which need to be funded as the Poplar Grove Mine undergoes commissioning and ramps up to full production. Accordingly, the Company may not be able to complete the development of the Poplar Grove Mine on schedule, at the budgeted cost or at all, and any delays beyond the expected development periods or increased costs above those expected to be incurred could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and ability to pay dividends to Shareholders.

b) Feasibility Study

Feasibility studies, including the Company's bankable feasibility study, are used to determine the economic viability of a mineral deposit. Such studies require the Company to make numerous assumptions, including assumptions about capital and operating costs and future coal prices. These assumptions are made at the time the study is completed based on information then available. Actual costs or revenues may vary significantly and adversely from the estimates used in such studies, including the bankable feasibility study. Accordingly, the economic viability of the Poplar Grove Mine, or the amount of mineral deposits that the Company will be able to economically extract, may differ materially from previous estimates provided by the Company.

c) Regulatory risk

Mining companies must obtain numerous regulatory permits that impose strict conditions on various environmental and safety matters in connection with coal mining. The permitting rules are complex and change over time, potentially in ways that may make mining companies' ability to comply with the applicable requirements more difficult or impractical or even preclude the continuation of ongoing operations or the development of future mining operations. If the Company is unable to obtain and renew applicable permits, leases or other rights necessary for its operations, there may be adverse implications for the Company's production, results of operations or cash flow.

d) Commodity prices

The value of the Company's assets may be affected by fluctuations in commodity prices and exchange rates, such as the USD denominated Illinois Basin thermal coal prices and the AUD / USD exchange rate. These prices can fluctuate, and are affected by numerous factors beyond the control of the Company. These factors include weather patterns, demand for alternative energy sources, forward selling by producers, and production cost levels of substitute fuels (such as natural gas). Other factors include expectations regarding inflation, the financial impact of movements in interest rates, coal price forward curves, global economic trends, confidence and conditions, and domestic and international fiscal, monetary and regulatory policy settings. Future production from the Company's mineral properties will be dependent upon the Illinois Basin thermal coal price being sufficient to make these properties economic.

If the Company achieves development success which leads to viable mining production, its financial performance will be highly dependent on the prevailing commodity prices.

These factors can affect the value of the Company's assets and the supply and demand characteristics of Illinois Basin thermal coal, and may have an adverse effect on the viability of the Company's development and production activities, its ability to fund those activities and the value of its assets.

e) Capital requirements and debt finance risk

In addition to the Entitlement Offer and Placement, the Company has entered into a US\$21.7 million debt financing facility with Macquarie Bank Limited which is subject satisfaction of a number of conditions precedent prior to first drawdown including an equity commitment of at least US\$18.5 million, completion of legal due diligence by Macquarie Bank Limited, execution of tripartite agreements with Komatsu and Fricke, compliance with certain financial covenants and no material adverse change with respect to the Company.

The Company may not be able to complete the development of the Poplar Grove Mine within the proposed timeframe and for the estimated capital costs or may be required to limit the scope of its anticipated operations, which could adversely impact its business, financial condition and the value of its Shares.

If the Company requires further funding for the development of the Poplar Grove Coal Mine, and sufficient funds are not available from either debt or equity markets to satisfy the Company's requirements, the Company may be required to reduce the scope of its operations and scale back its development programme as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

f) The Company may be adversely affected by fluctuations in foreign exchange rates

The Company operates in the USA where the Company's capital expenditure and ongoing expenditure and sales contracts are denominated in United States Dollars. The Company currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. Upon completion of the offer of New Shares, the Company intends to convert some or all of the Australian dollar proceeds raised into United States Dollars. As the Company's operations change, its directors will review this policy periodically going forward. There can be no assurance that fluctuations in foreign exchange rates will not have a material adverse effect upon the Company's financial performance and results of operations.

g) The Company has no history of earnings and no production revenues

The Company has no recent history of earnings and has not commenced commercial production on any of its properties. The Company has experienced losses from exploration operations and expects to continue to incur losses until production commences and reaches the required level. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in coming months as needed for consultants, personnel and equipment associated with construction, commissioning, ramp up and commercial production of its operations. The amounts and timing of expenditures will depend on the progress of construction activities and production ramp up.

The Company expects to continue to incur losses until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations.

h) The Company has limited operating history

The Company has limited operating history on which it can base an evaluation of its prospects. The Company may encounter risks and difficulties experienced by companies whose performance is dependent upon newly-constructed assets, such as any one of our properties failing to perform as expected, having higher than expected operating costs, having lower than expected customer revenues, or suffering equipment breakdown, failures or operational errors. Despite this, members of the Company's Board of Directors and management team have considerable experience in developing and mining of coal projects both globally and within the USA.

The future success of the Company is dependent upon a number of factors, including the successful construction and commissioning of the Poplar Grove Mine.

i) Title to Properties

There are no assurances that the property title for the Company's projects are free from defects. There is no assurance that such rights and title interests will not be revoked or significantly altered to the detriment of the Company. There can be no assurances that the Company's rights and title interests will not be challenged or impugned by third parties. Defects in title could limit the Company's ability to recover coal from these properties or result in significant unanticipated costs.

The Company conducted its exploration and development activities on properties that are leased. The mine portal and coal handling and preparation plant will be constructed on land owned by the Company. However, as is standard industry practice in the USA, title to most of the Company's leased properties and mineral rights is not thoroughly verified by an attorney until a permit to mine the property is obtained and substantial construction activities have commenced, and in some cases, title is never fully verified by an attorney. Accordingly, actual or alleged defects in title or boundaries may exist, which may result in the loss of the Company's right to mine on the property or in unanticipated costs to obtain leases or mining contracts to allow the Company to conduct its mining operations on the property, which could adversely affect its business and profitability. In addition, from time to time, the rights of third parties for competing uses of adjacent, overlying or underlying lands, such as oil and gas activity, coalbed methane, pipelines, roads, easements and public facilities, may affect the Company's ability to operate as planned if its title is not superior or arrangements cannot be negotiated.

In order to obtain, maintain or renew leases or mining contracts to conduct mining operations on property where these defects exist, the Company may in the future have to incur unanticipated costs. In addition, the Company may not be able to successfully negotiate new leases or mining contracts for properties containing additional reserves, or maintain its leasehold interests in properties where it has not commenced mining operations during the term of the lease. As a result, the Company's results of operations, business and financial condition may be materially adversely affected.

j) Agreements for sales or off-take

The Company has entered into a coal sales agreement with LG&E for the physical delivery of some or all of its expected coal from its projects. The Company may enter into additional coal sales contracts.

These contracts are generally designed to provide protection against the fluctuations in the price of coal. If the Company fails to meet its obligations in terms of product quantity, quality or timing of supply, it may face a risk that the contract is cancelled. This could have a material adverse effect upon the Company's financial performance and results of operations.

k) Additional agreements for sales or off-take

To date, the Company has only entered into one sales and off-take agreement in respect of its planned coal production from its projects. This agreement is with LG&E.

The Company may have difficulty in finding additional off-take partners who are prepared to enter into long term off-take agreements with a party that does not have a proven production profile. If the Company is not able to negotiate such long term agreements then the expansion of the project, in particular the Cypress Mine, may be delayed or prevented.

Assuming the Company is able to secure additional sales or off-take agreements in the future, it may depend upon a small number of large customers, the loss of any of which, or inability to collect payment from, could adversely affect its results of operations and financial condition.

Furthermore, the Company's ability to receive payment for coal sold and delivered depends on the continued creditworthiness of its customers. If it is unable to collect payments from any of these customers, its financial condition and results of operations could be materially adversely affected. Should the Company be unable to find customers to purchase its produced volume, its financial results may be adversely affected.

l) Mineral resource and mineral reserve estimates

The Company's mineral resources and mineral reserves are estimates. Such estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Mineral resource and reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

For most new mine developments the actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, mineral reserves are valued based on future costs and future prices and consequently, the actual mineral reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations. Any inaccuracy in the Company's mineral reserves and mineral resources estimates could result in lower than expected revenues, higher than expected costs, decreased profitability and asset impairments.

m) Mining Risks

When compared with many industrial and commercial operations, mining and mineral processing projects are relatively high risk. Each mineral deposit is unique. The occurrence and quality of the deposit, as well as its behaviour during mining and processing can never be wholly predicted. Estimations of the tonnes, quality and overall yield of a deposit are not precise calculations but are based on interpretation and samples from drilling, which, even at close drill hole spacing, represent a very small sample of the entire orebody.

n) Operational risk

The Company's development and mining activities will be subject to numerous operational risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such including energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements. Hazards incidental to the development and mining of mineral properties such as unusual or unexpected geological formations may be encountered by the Company. Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

The Company will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on the Company's performance and the value of its assets.

o) Environment

The operations and proposed activities of the Company are subject to State and Federal laws, regulations and permits concerning the environment. If such laws are breached or modified, the Company could be required to cease its operations and/or incur significant liabilities including penalties, due to past or future activities.

As with most mining operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to an appropriate standard of environmental obligation, including in compliance in all material respects with relevant environmental laws. Nevertheless, there are certain risks inherent in the Company's activities which could subject the Company to extensive liability.

The Company intends to produce both higher sulfur and low sulfur coal. Significant increases in the price of emissions allowances could reduce the competitiveness of higher sulfur coal compared to low sulfur coal and possibly natural gas at power plants not equipped to reduce sulfur dioxide emissions.

The cost and complexity in complying with the applicable environmental laws and regulations may affect the viability of potential developments of the Company's projects, and consequently the value of those projects, and the value of the Company's assets.

p) Competition

The mineral resource industry is competitive in all of its phases. The Company competes with other companies, including major coal mining companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for sales contracts, the recruitment and retention of qualified employees, coal leases and new business opportunities. If the Company cannot compete effectively with these other companies, it may have a material adverse effect on the Company's performance.

q) Foreign Operations and Government Regulation Risks

The Company's projects are located in the USA and, as such, the operations are exposed to various levels of political, economic and other risks and uncertainties.

Changes in mining or investment policies or shifts in political attitude in the USA may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, increasingly stringent standards for carbon dioxide pollution, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

The mining, processing and development activities of the projects are subject to various laws in the USA governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, indigenous land claims, and other matters.

Furthermore, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining, including those aimed at reducing greenhouse gas emissions, or more stringent implementation thereof, could have a substantial adverse impact on the Company.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or challenging of its interests.

r) The Company relies on key personnel

The Company is dependent on a number of key management personnel, including the services of certain key employees and consultants. The Company's ability to manage its development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on the Company's ability to manage and expand the business.

It may be difficult for the Company to attract and retain suitably qualified and experienced people, given the modest size of the Company compared with other industry participants. If the Company cannot do so, this could have a material adverse effect on the Company's ability to manage and expand the business.

s) The Company has uninsured risks

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions and floods. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

t) The Company's partners, contractors and agents may become insolvent

The Directors are unable to predict the risk of financial failure or default by a participant in any venture to which the Company is, or may become a party; or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or managerial failure by any of the other service providers used by the Company for any activity.

u) Litigation risks

Legal proceedings may arise from time to time in the course of the Company's activities from parties such as suppliers, customers, regulatory agencies, environmental groups and/or investors. There have been a number of cases where the rights and privileges of mining and exploration companies have been the subject of litigation. The Directors cannot preclude that such litigation may be brought against the Company or a member of the Company in the future from time to time.

v) Dividends

Payment of future dividends by the Company will be at the discretion of the Company's Board after taking into account many factors, including, but not limited to, the Company's operating results, financial condition and current and anticipated cash needs. As a result, shareholders may have to rely on capital appreciation, if any, to earn a return on investment in the Company in the foreseeable future.

Furthermore, the Company may in the future become subject to contractual restrictions on, or prohibitions against, the payment of dividends.

w) Changes in law, government policy and accounting standards

The Company's activities may be impacted by regulatory or other changes implemented by the United States of America, the Commonwealth or Western Australian Governments. A change in laws that impact on the Company's operations, such as land access, environmental protection, carbon emissions, labour, mining, taxation and royalties, could have an adverse impact on the Company's operations. Mining industry activities are subject to discretionary regulations and approvals, the exercise of which cannot always be predicted. Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this presentation may impact adversely on the Company's reported financial performance.

x) Insurance

The Company intends to ensure that insurance is maintained to address insurable risks within ranges of coverage the Company believes to be consistent with industry practice, having regard to the nature of the Company's activities. However, no assurance can be given that the Company will be able to obtain insurance cover for all risks faced by the Company at reasonable rates or that the insurance cover it arranges will be adequate and available to cover all possible claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

1.3 General investment risks

a) Price of Shares

The Shares are subject to general market risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors, some of which may not relate directly or indirectly to the Company's performance or prospects.

There is no assurance that the price of the Shares will increase in the future, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include:

- i. fluctuations in the domestic and international markets for listed stocks;
- ii. general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government;
- iii. fiscal, monetary or regulatory policies, legislation or regulation;
- iv. inclusion in or removal from market indices;
- v. the nature of the markets in which the Company operates;
- vi. general operational and business risks;
- vii. variations in sector performance, which can lead to investors exiting one sector to prefer another; and
- viii. initiatives by other sector participants which may lead to investors switching from one stock to another.

Deterioration of general economic conditions may also affect the Company's business operations, and the consequent returns from an investment in Shares.

In the future, the sale of large parcels of Shares may cause a decline in the price at which the Shares trade on ASX.

b) Tax law and application

The application of and change in relevant tax laws (including income tax, goods and services tax (or equivalent), rules relating to deductible liabilities, or changes in the way those tax laws are interpreted, will or may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax paid or payable by the Company.

Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia or the United States) and / or any changes in tax rules and tax arrangements (again in Australia or the United States) may increase the amount of tax paid or payable by the Company, may also impact Shareholder returns and could also have an adverse impact on the level of dividend franking / conduit foreign income and Shareholder returns. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

c) Force majeure events

Events may occur within or outside Australia and the United States that could impact upon global, Australian, US or other local economies relevant to the Company's financial performance, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. The Company has only a limited ability to insure against some of these risks.

d) Accounting standards

Australian Accounting Standards (AAS) are adopted by the AASB and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

e) Shareholder dilution

In the future, the Company may elect to issue further Shares in connection with fundraisings, including to raise proceeds for acquisitions. While the Company will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

f) Trading in Shares may not be liquid

There is no guarantee that there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market or the Shares become illiquid, the Shareholders will be unable to realise their investment in the Company.

g) General economic and financial market conditions

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside the control of the Company. There is a risk that prolonged deterioration in general economic conditions may impact the demand for the Company's products and negatively impact the Company's financial performance, financial position, cash flows, dividends, growth prospects and Share price.

1.4 Investment highly speculative

The above list of risks ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares. The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Prospective investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares.

This document does not constitute an offer of new ordinary shares of Paringa in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country except to the extent permitted below.

Australia

The information in this document has been prepared on the basis that all offers of New Shares will be made to Australian resident investors to whom an offer of shares for issue may lawfully be made without disclosure under Part 6D.2 of the Corporations Act 2001 (Cth). This document is not a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act 2001 (Cth) and has not been and will not be lodged with ASIC. Neither ASIC nor ASX take any responsibility for the contents of this document. Accordingly, this document may not contain all information which a prospective investor may require to make a decision whether to subscribe for New Shares and it does not contain all of the information which would otherwise be required by Australian law to be disclosed in a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act 2001 (Cth). This document does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to the offer of New Shares or any other transaction in relation to Paringa shares, you should assess whether that transaction is appropriate in light of your own financial circumstances or seek professional advice.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

Paringa as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Paringa or its directors or officers. All or a substantial portion of the assets of Paringa and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against Paringa or such persons in Canada or to enforce a judgment obtained in Canadian courts against Paringa or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Paringa if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Paringa. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Paringa, provided that (a) Paringa will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, Paringa is not liable for all or any portion of the damages that Paringa proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Economic Area - Germany and Luxembourg

This document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities. An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments unless such entity has requested to be treated as a non-professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2014/65/EC, "MiFID II") and the MiFID II Delegated Regulation (EU) 2017/565;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) unless such entity has requested to be treated as a non-professional client in accordance with MiFID II and the MiFID II Delegated Regulation (EU) 2017/565;
- to any person or entity who has requested to be treated as a professional client in accordance with MiFID II; or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 30 of the MiFID II unless such entity has requested to be treated as a non-professional client in accordance with the MiFID II Delegated Regulation (EU) 2017/565.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Paringa's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

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Paringa announced the results of an expanded Bankable Feasibility Study (“BFS”) for the Buck Creek coal mining complex (“Buck Creek Complex”) on 28 March 2017, incorporating the expansion of the Poplar Grove Mine to include the Western Kentucky No.9 coal seam (“WK No.11 seam”). The expanded BFS was prepared in accordance with the JORC Code 2012 Edition (“JORC Code”) and National Instrument NI 43-101 ‘Standards of Disclosure for Mineral Projects’ (“NI 43-101”). Paringa has previously released the results of a BFS for the Poplar Grove Mine’s Western Kentucky No.9 coal seam (“WK No.9 seam”) and the Cypress Mine to the Australian Securities Exchange (“ASX”) on 21 November 2016 and 2 December 2015 respectively.

SUMMARY OF RESOURCE ESTIMATE AND REPORTING CRITERIA

Buck Creek Complex Resource Estimate (WK No.9 and No.11 seam)

CRE Tonnage (tons)				
Measured	Indicated	Total Measured & Indicated	Inferred	Total
103.6 million	228.6 million	332.2 million	0.7 million	332.9 million

Geology and Geological Interpretation

The Coal Resource Estimate (CRE) is located in Hopkins and McLean County, Kentucky, within the Carbondale Formation. The WK No.9 and WK No. 11 Seams associated with the Project have been identified as exhibiting potential underground mineable resource tonnage.

The primary coal-bearing formations on the Project are situated in the Western Kentucky Coal Field of the Illinois Basin (or Eastern Interior Basin) of the USA and are of middle Pennsylvanian-age. These strata include conglomerate, sandstone, siltstone, shale, limestone, and coal that were deposited primarily in coastal deltaic settings. Coal rank in this area is high volatile bituminous C, with higher rank coals sometimes found along major structural fault systems. Coal in the West Kentucky Coal Field is generally medium to high sulfur, exhibiting average sulfur contents of more than 3.0 percent and averaging more than 5.0 pounds of SO₂ per million Btu.

The strata on the Project generally exhibit a regional northeast-southwest strike, and a regional northwestward dip towards the center of the Illinois Basin, with offsets along the fault zone. As the strata bend around the nose of the basin, strike rotates from northeast to north to northwest, along with an associated change in dip direction. Depth of cover increases gradually to the northwest towards the center of the basin. Depth of cover to the WK No. 9 seam ranges from approximately 240 feet (76 metres)-) in the east in the vicinity of the Green River to in excess of 1,100 feet (335 metres) near the town of Slaughters in the west. The WK No.9 Seam across the Project is generally continuous and non-complex but may vary in thickness. The WK No. 11 seam occurs on average approximately 70 feet (21.3 metres) above the WK No. 9 seam and is not continuous, occurring in pods throughout the west and central portions of the property until becoming absent to the east. Due to the eventual absence of the seam in the eastern portion of the property the WK No. 11 seam is slightly more complex than the WK No. 9 seam. The mineable seam thickness for the WK No. 9 seam ranges from 3.0 feet (0.91 metres) to 5.0 feet (1.5 metres) with fairly consistent coal thickness exhibiting minimal splitting and non-coal partings. The mineable seam thickness for the WK No. 11 seam ranges from 3.0 feet (0.91 metres) to 5.5 feet (1.67 metres) and frequently includes shale partings. Furthermore, as common in Western Kentucky, the seams are affected by tectonic deformation within the resource area.

The interval overlying the WK No.9 generally consists of black shale (“Turner Mine Shale” or “TMS”) that ranges in thickness from 0 to 7.0 feet (2.13 metres) with an average of about 1.5 feet (0.46 metres). The black shale is overlain by gray shale (“Canton Shale”) ranging in thickness from 0 to 55 feet (16.76 metres). Overlying the gray shale is sandstone (“Vermillionville Sandstone”) ranging in thickness from 0 to 75 feet (22.86 metres). The interval overlying the WK No. 11 seam consists of a thin black to gray shale or claystone which is generally overlain by a limestone that can range from 2.0 feet to 10 feet (3.05 metres) in thickness.

The Project is east of the Henderson Sandstone Channel (as defined by the KGS through mapping of both boreholes and oil/gas well geophysical logs that penetrate a thin or absent coal area of the WK No.9 Seam). The Hopkins and McLean County, Kentucky property is south of the northern extent of the Rough Creek Fault System (“RCFS”) on the down-side of the graben structure. The RCFS is a normal fault with displacement on the order of 200 feet (61 metres). The Project occurs within the RCFS and consists of a series of horst and graben faults trending in an east-west direction with maximum displacements of up to 450 feet (137 metres). The RCFS has been mapped by the KGS and is shown on 1:24,000 scale USGS 7.5-minute quadrangle maps. Fault locations have been reviewed by MM&A. These locations have been accepted as being true and accurate depictions of the fault locations and displacements. Exploration drill holes completed thus far on the Project have not identified any additional faults or structural features.

The region has been extensively mined within the WK No.9 Seam but no mining of the WK No.9 Seam has occurred within the Project. The WK No. 11 seam has been mined to the west of the Project area but not as extensively as the WK No. 9 seam.

Drilling and Sampling Techniques

A total of 193 bore holes were used in the WK No. 9 seam calculation, including 80 Kentucky Geological Survey core holes, 29 Buck Creek Resources LLC core holes, 10 Buck Creek Resources LLC rotary holes, 34 Hartshorne Mining LLC core holes, 15 Hartshorne Mining LLC rotary holes, and 25 gas wells. A total of 191 bore holes were used in the WK No. 11 seam calculation, including 79 Kentucky Geological Survey core holes, 30 Buck Creek Resources LLC core holes, 10 Buck Creek Resources LLC rotary holes, 6 Hartshorne Mining LLC core holes, 42 Hartshorne Mining LLC rotary holes, and 24 gas wells.

Prior to 1950, oil and gas drilling was the primary source of seam thickness and elevation data for the WK No.9 seam. In 1950, the Kentucky Geological Survey (“KGS”) began acquiring core data from drill holes in and adjacent to the property. In 2009 Buck Creek Resources LLC (“BCR”) began a drilling program that continued through 2011. The program consisted of diamond core drilling for seam delineation and acquisition of coal samples and air rotary holes for seam delineation. Between 2013 and 2017 Paringa successfully completed 7 drilling campaigns. Like the BCR holes these programs consisted of diamond core drilling for seam delineation and acquisition of coal samples as well as air rotary holes for seam delineation. In addition, all of the 2013 core holes and the first two (2) 2014 core holes underwent geotechnical testing of the roof, seam, and floor.

BCR core drilling consisted of one continuous core, DH-11, with 3-inch diameter core samples produced from the entire rock column. The remainder of the core holes were spot core drilled utilizing a 5.125-inch diameter rotary bit followed by a 3-inch diamond core of the roof, seam, and floor. The air rotary drilling consisted of 5.125-inch diameter bore holes.

Hartshorne core drilling included three (3) continuous cores, HMG-14-01 and HMG-14-02, with 2.75-inch diameter core samples produced from the entire rock column and HMG-16-22 with 3.0-inch diameter core samples produced from the entire rock column. The remainder of the core holes were spot drilled utilizing a 5.125-inch diameter rotary bit followed by a 3-inch diamond core of the roof, seam, and floor. The air rotary drilling consisted of 5.125-inch diameter bore holes.

Core recoveries were monitored and were generally good at greater than 95%. Coal core samples used for quality analysis contained greater than 95% recovery. Where available, core recovery thickness was reconciled with the thickness interpreted from geophysical logs.

Drill holes were geologically logged by the driller and those producing core were also logged by a geologist. All holes drilled during the 2009 through 2011 program and the 2013 through 2017 program were geophysically logged using a downhole density and gamma tool. A sonic log was performed on 14 of the BCR’s drill holes and 27 of the Hartshorne holes. In the case of core drill holes, lithological logs were correlated with the geophysical logs and seam thickness and elevation adjusted where appropriate.

Classification criteria

The CRE has been reported in-situ and classified as measured, indicated, and inferred based on the guidelines recommended in the JORC Code (2012 Edition). As is customary in the USA, the categories for measured, indicated, and inferred resources are based on the distances from valid points of measurement as prescribed in United States SEC Industry Guide 7 and USGS Circular 891. This is considered appropriate for the preparation of the CRE in accordance with the JORC Code (2012 Edition).

Sample analysis method

Sample analysis on the BCR recovered cores was carried out by Standard Laboratories, Inc. and performed to American Society for Testing and Materials (ASTM) standards. Hartshorne utilized SGS North America, Inc. and Precision Testing Laboratory, Inc. for quality testing, both to ASTM standards. All analyses were performed on an as-received, air dry and washed basis unless otherwise stated. Geophysical tools are calibrated by the logging company (MM&A) and where possible, validated using a calibration hole. All coal intersection data used to generate the geologic model has been cross referenced with the lithological and geophysical logs by MM&A.

Coal quality was adjusted to reflect an addition of 4% moisture to the equilibrium moisture. Coal quality results were verified with laboratory analysis sheets by MM&A geologist before inclusion into the geologic model and use in the resource estimate.

Resource Estimation Methodology

The preparation of the CRE was undertaken by MM&A (formerly Cardno) based in Bluefield, Virginia, USA. MM&A has over 40 years of expertise in mining engineering, mine reserve evaluation, feasibility studies and due diligence services for mining and resource projects across the globe Effective January 1, 2017, Cardno’s mining group (formerly Marshall Miller & Associates) is no longer affiliated with the Cardno organization. Marshall Miller & Associates, Inc. (MM&A) has been reestablished under private ownership.

As a leading consulting firm in the coal and coalbed methane industries working in the United States and internationally, MM&A’s energy-related client base consists of over 250 companies. MM&A provides advisory and technical services on project feasibility, acquisition due diligence, mineral reserve and resource reporting, operations assessment, safety and risk management, and process improvement, among others.

MM&A prepared the CRE in accordance with the JORC Code (2012 Edition). The resource estimation criteria were developed using current conditions found in surrounding operations and industry accepted standards to assure that the basic geologic characteristics of the coal resources are in reasonable conformity with those currently being mined and marketed in the region. The tonnage estimates provided herein report in-situ coal resources as measured, indicated, and inferred. As is customary in the USA, the categories for measured, indicated, and inferred resources are based on the distances from valid points of measurement as prescribed in United States SEC Industry Guide 7 and USGS Circular 891. This is considered appropriate for the preparation of the CRE in accordance with the JORC Code (2012 Edition).

Fault impacted areas have been excluded from the CRE in an area bounded by 200 feet (60 metres) barriers along either side of a fault and in areas determined as intensely impacted by faulting.

After the geological data was correlated within MM&A's proprietary database and verified, the data required for mapping was extracted and composited with additional data from spreadsheets containing coordinates and similar Z values. These Z value files were imported into either Surfer 12 or Carlson® Mining 2012 computer software packages for modelling. The software programs were used to generate geologic models including coal seam thickness, elevation, and others as well to delineate acreage and thickness for estimation of coal resources. The modelling output for the CRE was imported into a Microsoft® Excel workbook for final processing and tabulation of coal tonnage. The CRE is reported on an as received basis.

Cut-off grades

Average thickness of the WK No.9 Seam is 3.7 feet (1.16 metres) across the property which compares favorably to many of the operations in the immediate vicinity. Average thickness of the WK No.11 Seam is 4.16. feet (1.27metres). The cut-off seam thickness utilized was 3.0 feet (0.91 metres).

Mining and metallurgical methods and parameters

The Company has completed a BFS on the WK No. 9 and WK No. 11 Project which was prepared by MM&A, with input from local experts. The Study was prepared in accordance with JORC Code (2012 Edition) and the requirements for a Preliminary Economic Assessment report in accordance with NI 43-101.

The Study confirmed the potential of the Project to be developed as a high margin, low cost mine in the growing Illinois Basin. The Study utilized the Buck Creek Complex's CRE of 253.6 million tons of WK No. 9 seam coal to demonstrate that the fundamentals from the initial development of Poplar Grove Mine, a portion of the Buck Creek Complex, are extremely encouraging. The Project is located in a well serviced and infrastructure advantaged coal region in the US, offering the potential for a low operating and capital cost environment.

Core quality and washability testing was completed on the thirty-one Hartshorne drill core holes conducted within controlled leases of the Project targeting the WK No.9 seam. The coal samples were shipped to SGS North America Inc. in Henderson, Kentucky and Precision Testing Labs Inc. in Davis, West Virginia for analysis. Core recovery was greater than 95 percent for all of the samples sent for analysis. Coal seam quality data from the -thirty-one recently completed core samples and the historical 24 samples were utilized in determining the average core coal quality.

Core quality and washability testing was completed on the six Hartshorne drill core holes conducted within controlled leases of the Project targeting the WK No.11 seam. The coal samples were shipped to SGS North America Inc. in Henderson, Kentucky for analysis. Core recovery was greater than 95 percent for all of the samples sent for analysis. Coal seam quality data from the six recently completed core samples were utilized in determining the average core coal quality.

This average quality value was tabulated in Microsoft Excel. Qualities for each core hole include an addition of 4 percent moisture to the equilibrium moisture, which is intended to represent the true moisture of a saleable product (to approximate the As Received (AR) basis).

Buck Creek Mining Complex WK9 – Coal Quality Specifications

Raw Proximate Analysis (As Received)						Average Washed Core Product Qualities (Equilibrium Moisture +4%)		
EQ Moisture	Ash	Volatile Matter	Fixed Carbon	Chlorine	HGI	Calorific Value (Btu/lb)	Ash	Yield @ 1.60 Float
6.3%	11.8%	37.5%	44.3%	0.16%	60	11,899	8.6	93.3%

Buck Creek Mining Complex WK11 – Coal Quality Specifications

Raw Proximate Analysis (As Received)						Average Washed Core Product Qualities (Equilibrium Moisture +4%)		
EQ Moisture	Ash	Volatile Matter	Fixed Carbon	Chlorine	HGI	Calorific Value (Btu/lb)	Ash	Yield @ 1.60 Float
4.9%	15.72%	38.6%	40.1%	0.12%	58	12,160	8.5%	84.2%

SUMMARY OF ORE RESERVE ESTIMATE AND REPORTING CRITERIA AND MODYFING FACTORS

Buck Creek Complex Ore Reserve Estimate						
ROM Recoverable Coal Reserve (Mt)*			Product Yield	Marketable Coal Reserve (Mt)		
Proven	Probable	Total	%	Proven	Probable	Total
43.5	92.3	135.7	76.1%	33.2	70.6	103.8

Note: *Includes dilution

Proven and probable coal reserves were derived from the defined coal resource considering relevant mining, processing, infrastructure, economic (including estimates of capital, revenue, and cost), marketing, legal, environmental, socio-economic, and regulatory factors. They are presented on an as-received, recoverable basis.

The mine plan used in the combined BFS (including Poplar Grove and Cypress Mines) completed in March 2017 to underpin the production target of 175.3 million tons of total ROM coal produced over the LOM (which equates to 133.9 million tons of total clean coal produced over the LOM) is based on: (i) Proven ROM Recoverable Coal Reserves of 43.5Mt (24.8%); (ii) Probable ROM Recoverable Coal Reserves of 92.24Mt (52.6%); (iii) Measured Recoverable Coal Resources of 11.9Mt (6.8%); and (iv) Indicated Recoverable Coal Resources of 27.7Mt (15.8%).

Of the total marketable production of 133.9 million tons at Poplar Grove and Cypress, approximately 103.8 million tons of the mine plan can be mined on mineral property currently controlled by Hartshorne. Additional mineral leases must be acquired in order to execute the life of mine plan to achieve the projected financial performance of the Poplar Grove Mine. Paringa has an excellent track record of negotiating with mineral property owners, and expects to achieve formal agreements with all necessary landowners in the coming months.

Material assumptions

The Coal Reserve and Production Target, and forecast financial information derived from the Coal Reserve and Production Target, contained in this report for the Poplar Grove Mine, are based on the material assumptions contained within this announcement which are summarized below:

Assumptions	Poplar Grove
Maximum Accuracy Variation	+/- 10%
Minimum LOM	25 years
Mining Method	Underground / room-and-pillar
Modelled Seam Thickness	3.7 feet (WK 9), 4.2 feet (WK 11)
Average Mining Height	4.5 feet
Total Work Days per Year	250
Productivity Rate (feet advance per unit shift at steady state production)	560 feet
Annual ROM Coal Production (tons)	3.6 Mtpa
Capacity CHPP	400 raw tons per hour
Yield CHPP	76.1%
Processing Method	Dense Media 2-stage
Annual Clean Coal Production (tons)	2.8 Mtpa
Total Average Operating Costs (Steady State)	US\$28.28 per ton
Total Initial Capital Costs	US\$56.8 million
Mine Royalty (4% of Gross Sales Value less taxes and fees)	4.0%
Leased Equipment - Operating Lease	Included in Average Direct Mining Costs
Leased Equipment - Interest Rate	8%
Leased Equipment - Term	5 to 7 years
Leased Equipment - Original Cost	US\$33.9 million
Leased Equipment - Deposit	10%
Leased Equipment - Residual Value	20%
Kentucky State Severance Taxes	4.5%
Coal Specification	11,200 Btu/lb
Corporate Tax Rate	16%
Discount Rate (8%, Real)	8%

Selected Average Sales Prices (US\$ per ton, FOB Barge) Used for 2018 to 2022

Year	2018	2019	2020	2021	2022
LG&E Contract Price	US\$40.50	US\$41.50	US\$43.00	US\$44.25	US\$45.75

Selected Average Sales Prices (US\$ per ton, FOB Barge) Used for 2023 to 2043

Year	2025	2030	2035	2040
Escalated pricing based on LG&E Contract	US\$46.09	US\$47.96	US\$49.91	US\$51.94

For details in relation to assumptions used for the Cypress Mine, please refer to the BFS results announcement released to the ASX on 2 December 2015. Paringa confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcement; b) all material assumptions and technical parameters underpinning the Coal Reserve, Production Target, and related forecast financial information derived from the Production Target included in the original ASX announcement 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 announcement.

Coal Reserve classification criteria

Proven and probable Coal Reserves were calculated on the measured and indicated portion of the Coal Resources for the Project. The coal reserve was calculated using Carlson Mining software by applying a detailed mine design and LOM mine production scheduling to the resource model, also created in Carlson Mining. A minimum underground mining height of 54 inches (based on typical mining practices and/or equipment capabilities) was used to determine out-of-seam dilution (OSD) and project raw production tons. Production data outputs from LOM sequencing were exported into Microsoft® Excel spreadsheets and summarized on an annual basis for processing within the economic model. Coal reserves are estimated based on a mining recovery that ranges from 29 to 56 percent, and an effective plant yield of 76.1 percent. The Coal Reserves estimate has been classified as proven and probable based on guidelines specified in the JORC Code. The Coal Resources in this report are reported inclusive of Coal Reserves.

Mining method and assumptions

Paringa anticipates commencing construction at the proposed Poplar Grove Mine in the second quarter of 2017, with initial production planned for the fourth quarter of 2018. Access to the coal seam will be via decline slope, with ventilation provided through vertical shafts. Production from the proposed Poplar Grove Mine will come exclusively from continuous miner units using room-and-pillar methods. Production sections will be configured as super-sections, each equipped with two continuous miners, four haulage units, two roof-bolting machines and one feeder/ breaker for enhanced productivity. Production sections will be equipped with four battery-powered haulers to move material from the continuous miner to the mine's conveyors. Haulage units will discharge onto a belt feeder/breaker, which provides a limited amount of surge capacity to reduce hauler dump time. Feeders also provide more uniform transfer of raw coal onto the section conveyor. Two dual-head roof bolting machines will install immediate roof support in mined entries. Battery scoops will be used for cleanup of spillage, distribution of supplies and materials and other utility purposes on the production sections.

At full production, staffing for the operation is expected to total 212 employees, and each section will produce approximately 2,400 tons of run-of-mine (ROM) coal per shift; ROM production for Poplar Grove will total approximately 3.6 million tons per year. Product recovery is calculated at approximately 76.1 percent, (which includes average direct shipment/preparation plant bypass of approximately 20 to 30 percent of the ROM production) yielding an average of approximately 1,826 tons of clean coal from each unit-shift of production. Annual production will total approximately 2.8 million clean, marketable tons at full production.

Processing method and assumptions

In order to optimize product yields and to conform with market needs and specifications, the Poplar Grove preparation plant will be designed and equipped to incorporate direct ship ROM coal blended with fully-washed product. Based on customer coal quality needs, 100 percent of the marketable coal will be a blend of raw and processed coal that will have a heating content of 11,200 Btu/lb. The plant is designed as a 400-raw-ton-per-hour facility. Approximately 40% to 70% (depending on the proportion of WK #11 seam in the plant feed) of the minus half-inch ROM coal will bypass the plant and be blended back with the washed product to meet the 11,200 Btu/lb customer specification. The balance of the minus two-inch ROM coal will be separated into coarse and fine material at a one-millimeter size separation as it crosses one double-deck raw coal de-slime screens. The coarser material (plus one-millimeter size fraction) will be processed in a heavy media cyclone; the finer coal (minus one millimeter) will be processed by classifying cyclones and spirals. The minus 150-micron material is lost as effluent. Coarse and fine refuse will be combined and subsequently exit the plant on a 36-inch refuse collecting conveyor at an anticipated rate of 123 tons per hour with a surface-moisture of 9.4 percent. Coarse refuse will be dewatered utilizing drain & rinse and high frequency screens. Fine refuse will be dewatered using plate and frame presses.

The combined refuse will be placed in the permitted refuse-disposal facilities, adjacent to the preparation plant, as dry material with no impoundment. The total surface property available to Hartshorne contains adequate refuse capacity for the life of the Project. All property to be used for refuse disposal are flat to slightly rolling and will not require any valley fills.

The capital cost of the coal preparation plant, refuse disposal site, and materials-handling system is expected to total \$20.8 million. That total excludes permitting, site preparation, power substation and distribution, which are included in mine and site development capital estimates. The capital costs projected for the river dock is estimated at \$2.2 million. The LOM average plant cash cost is estimated to be \$2.51 per clean ton sold for the assumed product mix.

The proposed Poplar Grove preparation plant will use standard equipment and processes for gravity separation of coal and reject; it will also use mechanical dewatering processes. Similar equipment to that proposed is currently in use at other ILB preparation plants. The proposed method for disposal of refuse material is consistent with those of neighboring operations.

Coal quality parameters applied – Poplar Grove

The WK No. 9 seam on the Project contains an average in-seam raw ash content of 11.71 percent, raw sulfur content of 3.97 percent and raw thermal (heat) content of 11,940 British thermal units per pound (*Btu/lb.*) at the average as-received moisture content of 6.37 percent. The WK No. 11 seam contains an average in-seam raw ash content of 15.72 percent, sulfur content of 4.96 percent, and heat content of 11,444 *Btu/lb.* Based on the preparation plant information, the out-of-seam dilution, and the processing method described in the section above, the average product coal quality for the combined WK No. 9 and WK No. 11 seam operation is projected to contain an ash content of 11.8 percent, sulfur content of 3.02 percent, heat content of 11,272 *Btu/lb* and 5.4 lbs. SO₂. The effective plant yield is 76.1 percent.

Coal Reserve estimation methodology

Grid files prepared from the geological database were used in the estimation of coal resources, including both seam thickness and elevation models encompassing the WK No. 9 and WK No. 11 seams. Coal seam thickness and base-of-coal-seam structure grid files were used to define the top and bottom of the coal horizon. The grid models were developed using Carlson Mining software, which was also used to develop LOM projections and production timing sequence plans. A minimum underground mining height of 54 inches, based on typical mining practices and/or equipment capabilities, was used to determine OSD and project raw production tons. A project schedule and estimated capital and operating costs (+/-10 percent in accuracy) have been developed. Annual production will total approximately 2.8 million clean, marketable tons at full production.

Other material modifying factors

Economic

A detailed financial model and discounted cash flow analysis was prepared in order to demonstrate the economic viability of the Coal Reserves. On a stand-alone basis, the NPV of the projected cash flows from the initial Poplar Grove Mine is 321 million at an 8% (real) discount rate, with an IRR of 36.6%.

Paringa has signed documentation with Macquarie Bank Limited to provide a two-tranche US\$21.7 million secured Project Loan Facility ("PLF") to develop the Poplar Grove Mine.

The key terms of the PLF are typical of a facility of this nature, including an interest rate of LIBOR plus 10.5% pa during construction, falling to a 9.5% pa margin for the remainder of the loan plus usual undertakings and events of default for a facility of this nature. The PLF is repayable by 30 December 2022.

Paringa expects to drawdown the US\$21.7 million PLF in instalments between July and October 2018.

Drawdown of the first tranche of US\$15 million is conditional upon a number of conditions precedent, including raising minimum equity of US\$18.5 million, completion of final legal due diligence by Macquarie, execution of certain tripartite agreements, compliance with certain financial covenants and no material adverse change with respect to Paringa.

Drawdown of the second tranche of US\$6.7 million is conditional on a number of conditions precedent, including execution of an additional coal sales contract for specified amounts before 31 October 2018.

Marketing

In October 2015, Paringa signed a coal sales agreement with LG&E and KU to deliver coal from the Cypress Mine. In February 2016, the Company decided to develop the low capex Poplar Grove Mine first following exceptional results from the Scoping Study.

As a result, the amended cornerstone coal sales agreement with LG&E and KU now reflects delivery of coal from the Poplar Grove Mine. The amended contract is on substantially the same terms as the original contract. Most importantly, coal volumes and coal specifications remain unchanged. Fixed sale prices have changed slightly to reflect recent sales data, and the project development milestones and delivery schedule have been updated for the Poplar Grove Mine.

Under the amended coal sales agreement, Paringa is contracted to deliver a total of 4.75 million tons of 11,200 *btu/lb* product over a 5-year period, starting in 2018. The amended contracted fixed coal sales prices for Paringa's 11,200 *btu/lb* coal spec begins at US\$40.50 per ton for the first 750,000 tons of coal delivered to LG&E and KU, escalating to US\$45.75 per ton for the final 1,000,000 tons sold.

In addition, Paringa has identified 14 other “Tier 1” coal marketing targets operated by 9 different utilities that have traditionally received fuel similar to the Project’s coal. The latest available data indicates Paringa’s target market received over 55 million tons of coal in 2014. Whilst Paringa’s target market is largely insulated from the impact of volatile natural gas prices and is relatively stable in terms of coal demand, over the past 10 year coal supply into the market has become increasingly concentrated into one to two major US coal producers. Based on discussions with Paringa’s target market, new independent sources of supply are highly valued.

Infrastructure

The Project is a well-defined coal resource, which is located in an area with a long history of coal mining. The primary market access point for the Project’s saleable product is via barge on the Green River. The Green River is part of the Mississippi River System, a 12,350-mile (19,871 km) network of navigable waterways serving much of the Eastern and Midwestern US. The Project is located in a region serviced by two separate electric utility providers, Kentucky Utilities and Big Rivers Electric Corporation, both of which are capable of supplying the 69-kv service required. Fresh water for the Project’s mine and plant will be pumped from the barge load-out facility on the Green River along the corridor provided for the overland conveyor.

Environmental, Permitting, Legal and Socioeconomic Position

Paringa has two distinct areas for the proposed Poplar Grove Mine. The larger of the areas is the proposed location of the mine site and preparation facilities which is held under three purchase options. The smaller site is the barge load-out site on the Green River and is held under lease with full rights to develop the surface. The barge load-out site is fully permitted and the mine site permitting is complete.

Paringa controls approximately 39,797 gross acres (~15,528 ha) of coal leases in Kentucky, United States, which comprise the Buck Creek Mining Complex. Kentucky state law allows the owner (or controller) of a partial interest to develop and enjoy the coal rights in a manner consistent with 100% control, therefore leases with partial interests (i.e. less than 100%) can be mined. The coal leases grant Paringa the coal and coal rights with respect to the leased premises, together with the right to mine coal by the underground mining method only and the right to remove the coal seam gas and coal mine gas by any method from under the leased premises. All of the coal leases are with private owners and the agreements are fundamentally identical with a term of 20 years for the date of execution. The coal leases require the payment of an annual minimum royalty and an earned royalty which are industry standard in the region. The annual minimum royalty is an annual per acre charge during the term of the coal leases. Once mining operations commence, the annual minimum royalty is reduced by the amount of earned royalty due on mined coal. All annual minimum royalty payments are recoupable against any earned royalty due under the coal leases on a lease-by-lease basis.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> > Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. > Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. > Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> > Prior to 1950, Oil and gas drilling was the primary source of seam thickness and elevation data for the West Kentucky No. 9 (WK No. 9) or Springfield seam; no core samples were retrieved. > In 1950 the Kentucky Geological Survey (KGS) began acquiring drilling data in and adjacent to the property; no core samples from this drilling have been physically examined by Hartshorne. > In 2009 Buck Creek Resources (BCRs) began a drilling program that continued through 2011. The program consisted of continuous core drilling and air rotary spot core drilling designed for seam delineation and acquisition of coal samples for analyses. > The last 10 drill holes in this program were air rotary holes and no coal core samples were collected. > Roof and floor samples from five of the WK No. 9 BCRs core samples were retained for acid-base analyses. > The Hartshorne Mining Group, LLC (HMG) conducted drilling programs beginning in 2013 and continued into 2017 to retrieve coal core samples for quality analyses and seam thickness determination. The programs consisted of 49 drill holes from which 31 WK No. 9 coal core samples were retrieved and analysed and six WK11 samples were retrieved and analysed. > Unless otherwise specified, drilling data that references sampling, core recoveries, quality, geophysical logging and other specific analyses refers to the coal specific drill holes associated with BCRs and HMG programs.
Drilling techniques	<ul style="list-style-type: none"> > Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.). 	<ul style="list-style-type: none"> > One continuous core, DH-11, was taken during the BCRs drilling programs and 3-inch diameter core samples were produced. HMG drilling programs included two continuous core drill holes producing 2.75 inch diameter core samples and one continuous core drill hole producing 3-inch diameter core samples. > The BCRs air rotary spot core drilling consisted of 5.125-inch diameter holes followed by 3-inch diameter conventional core samples of the roof, seam, and floor. HMG air rotary spot core drilling consisted of 5.125-inch diameter holes and 3.0- inch diameter core samples of roof, seam and floor. > The BCRs air rotary drilling consisted of 6.625-inch diameter bore holes. HMG air rotary drilling consisted of 5.125-inch diameter bore holes. > Drill type and size of historical core holes, rotary holes, and oil and gas wells is not known.
Drill sample recovery	<ul style="list-style-type: none"> > Method of recording and assessing core and chip sample recoveries and results assessed. > Measures taken to maximise sample recovery and ensure representative nature of the samples. > Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> > Core recoveries were monitored and were generally good at greater than 95%. > Coal core samples used for quality analysis contained greater than 95% recovery. > Where available, core recovery thickness was reconciled with the thickness interpreted from geophysical logs. > A portion of the KGS drill holes used in the resource study contained quality results. The results were provided in an Excel format that did not identify the basis of the analysis, the laboratory that performed the results or the core recovery, therefore the reported data was not used.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> > Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. > Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. > The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> > Drill holes were geologically logged by the driller and those producing core were also logged by a geologist. > All holes drilled during the BCRs 2009 through 2011 were geophysically logged using a downhole density and gamma tool. All but one of the drill holes in the HMG 2013 through 2017 programs were geophysically logged using a downhole density and gamma tool. A sonic log was performed on 14 of the BCR's drill holes and on 27 of the HMG drill holes. > In the case of core drill holes, lithological logs were correlated with the geophysical logs and seam thickness and elevation adjusted where appropriate.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> > If core, whether cut or sawn and whether quarter, half or all core taken. > If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. > For all sample types, the nature, quality and appropriateness of the sample preparation technique. > Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. > Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. > Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> > WK No. 9 samples from drill holes HMG-14-1, 3 and 6 were divided for beneficiation specific sampling. None of the WK No. 11 seam samples were divided.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> > The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. > For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. > Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> > Sample analysis was carried out by Standard Laboratories, Inc., SGS North America Inc., and PRECISION Testing Laboratory and performed to American Society for Testing and Materials (ASTM) standards. > Analyses were performed on a raw as-received, air dry and washed basis unless otherwise stated. > Geophysical tools are calibrated by the logging company (MM&A) and where possible, validated using a calibration hole. > Quality summary results presented in this report compare favourably to those prepared and documented in the United States Geological Survey's (USGS) report titled "Paper 1625-D, Chapter C Geologic Overview by J. R. Hatch and R. H. Affolter entitled "Resource Assessment of the Springfield, Herrin, Danville and Baker Coals in the Illinois Basin" dated August 2002 (Paper 1625-D) and "USGS Fact Sheet FS-072-02 August 2002"
Verification of sampling and assaying	<ul style="list-style-type: none"> > The verification of significant intersections by either independent or alternative company personnel. > The use of twinned holes. > Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. > Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> > All coal intersection data used to generate the geologic model has been cross referenced with the lithological and geophysical logs by MM&A. > Coal quality was adjusted to reflect an addition of 4% moisture to the equilibrium moisture. > Coal quality results were verified with laboratory analysis sheets by MM&A geologist before inclusion into the geologic model and use in the resource estimate.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Location of data points	<ul style="list-style-type: none"> > Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. > Specification of the grid system used. > Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> > Coordinates for the drill hole locations are in the Kentucky South, State Plane system, North American Datum 1927. Surveyed locations were available for the drill holes from BCRs 2009 through 2011 drilling program and the HMG 2013 through 2016 drilling programs. Coordinates for the 2017 drill holes were obtained from a hand-held GPS. Coordinates for the oil and gas wells and those drill holes obtained from the KGS were provided by the KGS and the method of determination is unknown. > Topography is based on the USGS's topographic 7.5 minute quadrangle maps.
Data spacing and distribution	<ul style="list-style-type: none"> > Data spacing for reporting of Exploration Results. > Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. > Whether sample compositing has been applied. 	<ul style="list-style-type: none"> > Various sources of data were utilized, as such, spacing of the drill holes used to model WK No. 9 and WK No. 11 seam resource varied across the property. The abundant oil and gas well data in the area were not generally used for resource thickness mapping but provided added evidence of the continuity of the seam throughout the area. The oil and gas wells' thicknesses were rounded to even feet and therefore were not used in modelling the seam thickness. As prescribed by the USGS, the following distances from points of observation were used to define the corresponding Resource category arcs: <ul style="list-style-type: none"> - Inferred Resources – greater than 3,960 feet but less than 15,840 feet (3 miles). - Indicated Resources – 3,960 feet. - Measured Resources – 1,320 feet. > Correlation of the WK No. 9 and 11 seams is relatively simple. Thickness and quality continuity of the WK No. 9 seam is exceptional and well documented as described in Paper 1625-D and the KGS Map and Chart 197, Series XII, 2010 titled "<i>Remaining Resources of the Springfield Coal</i>" by Gerald A. Weisenfluh (USGS Map 2010). The WK11 seam becomes less continuous and absent to the east but has distinguishable marker beds to identify its stratigraphic location. > Inferred, Indicated, and Measured resource classifications from the USGS Circular 891 have been implemented in this updated resource report to reflect the spacing and extent of the supporting data used for the resource estimate. The use of the USGS standards are appropriate and customary for this resource jurisdiction and deposition type.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> > Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. > If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> > Drill holes have been vertically drilled. No downhole deviation logs have been collected and it is therefore not known if the drill holes have deviated away from vertical. Based on an average depth of 800 feet, any deviation is expected to be insignificant and immaterial to the geologic characterization of the property. > Horst and graben faults that exist on the property are part of the Rough Creek fault system and have been accurately identified through USGS and KGS mapping. > The dip of the coal seam ranges from 2.0 to 3.0 degrees except for areas directly adjacent to the faulting, where the dip can potentially increase.
Sample security	The measures taken to ensure sample security.	<ul style="list-style-type: none"> > Sample handling procedures were developed for the project and are understood to have been employed by BCRs and HMG during exploration
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	<ul style="list-style-type: none"> > MM&A has reviewed all available geological information for the property in developing the geologic model. The data is suitable and has been used for generating an updated Resource estimate compliant with the 2012 edition of the JORC Code.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> > Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. > The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> > The Buck Creek Complex coal resources are located within the Carbondale Formation of the Illinois Basin between the towns of Hanson and Calhoun in Hopkins and McLean Counties, Kentucky. The geologic model and Resource estimates prepared by MM&A was for the region identified as the coal controlled properties. > Coal rights are leased from numerous private owners through the payment of an annual minimum royalty and an earned royalty. The annual minimum royalty is an annual per acre charge that escalates from US \$10 per acre to US \$25 per acre during the term of the coal leases. Once mining operations commence, the annual minimum royalty is reduced by the amount of earned royalty due on mined coal. All annual minimum royalty payments are recoupable against any earned royalty due under the coal leases on a lease-by-lease basis. The earned royalty is the greater of \$1.25 per ton or 4% of the average gross sales price F.O.B. mine. > Under the original Buck Creek acquisition agreement, a final vendor payment of US\$12,000,000 is to be made by 28 March 2018 to complete the acquisition. > There are no known legal or environmental encumbrances that would impede coal property acquisition.
Exploration done by other parties	<ul style="list-style-type: none"> > Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> > The oil and gas exploration was carried out by several drilling entities. The largest collection of drill holes designed specifically for coal identification was carried out by the KGS in the 1950's. BCR conducted three different drilling programs between 2009 and 2011. HMG conducted seven drilling programs between 2013 and 2017.
Geology	<ul style="list-style-type: none"> > Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> > The Buck Creek Complex is located in the West Kentucky Coal Fields, which is part of the Illinois Basin. The thickest and most continuous coal seams, including the WK No. 9 and 11 seams, are found in the Carbondale Formation. The Carbondale Formation consists largely of shale, sandstone, siltstone, limestone and to a lesser extent fireclays and coal. > Coal seams dip on average 2.0 to 3.0 degrees toward the center of the basin which lies toward the northwest portion of the property.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Drill hole Information	<ul style="list-style-type: none"> > A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. > If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> > Detailed lists of the BCRs, KGS and HMG drill holes used to define the resource have been included numerous previous market announcements including: <ul style="list-style-type: none"> - Maiden Coal Resources at Buck Creek Project – Released 4/11/2013 - Excellent Results from Buck Creek Drilling Program – Released 12/5/2013 - Excellent Coal Quality Results – Released 11/2/2014 - Substantial 54% Increase in Coal Resources – Released 2/24/2015 - Excellent Results from Drilling at Buck Creek No.2 Mine – Released 5/21/2015 - September 2016 Quarterly Report – Released 10/28/2016 - Substantial 77 Million Tons Increase (30%) In Coal Resource to 332.2 Million Tons – Released 2/16/2017 > Drill holes are provided with a collar elevation and a Kentucky South NAD 27 easting and northing coordinate. Collar elevations for the 2017 drilling have been picked from USGS topographic maps or, if near the Poplar Grove facilities site, determined from LIDAR data.
Data aggregation methods	<ul style="list-style-type: none"> > In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. > Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. > The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> > Coal quality summary results have been documented in this report. Coal quality was not used as a limiting parameter. The coal Resource estimate was limited to a minimum seam thickness of 3.0 feet. > Average coal quality values are reported using the arithmetic method and summarized in Microsoft® Excel.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> > These relationships are particularly important in the reporting of Exploration Results. > If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. > If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> > Coal thickness values from all coal intersections and down hole geophysical logs are considered to be vertical thicknesses. Seam dip of approximately 2.0 to 3.0 degrees has little effect on the vertical thickness of the seam.
Diagrams	<ul style="list-style-type: none"> > Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> > Diagrams showing the coal seam intercepts were included in the announcements listed in the <i>Drill Hole Information</i> section above.
Balanced reporting	<ul style="list-style-type: none"> > Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> > All of the available exploration data from HMG, BCRs and the KGS have been included in reporting of this Resource.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	> Informational material available from the KGS and USGS was used to assist in the Resource estimate.
Further work	> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). > Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	> The WK No. 9 seam extends in all directions beyond the limits of the controlled property. Outcrop and potential seam thinning to the east, along with previous mining around the property, are the most obvious limits to potential resource expansion. The WK No. 11 seam becomes less prominent to absent and outcrops in the eastern portion of the property. > Further work is expected to include additional exploration, geotechnical testing, coal quality analyses, and coal property acquisition.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
Database integrity	> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. > Data validation procedures used.	> The BCRs, HMG, KGS and specific oil and gas well data has been validated prior to being imported into the geological database used to build the geological model. > Seam picks for all coal-specific drill holes have been compared to lithological logs, sample intervals, and geophysical logs where available.
Site visits	> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. > If no site visits have been undertaken indicate why this is the case.	> An original site visit to the Buck Creek Property occurred on October 29, 2014 by Mr. Gerard Enigk, P.E., who is one of the CP's for this report. Another site visit was made by Justin Douthat and Gerard Enigk of MM&A, on December 13, 2016. As part of the 2014 and 2016 site visits, MM&A met with Hartshorne to discuss the proposed Buck Creek operations. > A site visit by the CP Geologist was considered not to be required at this time as the data provided was sufficient to develop the geological model and Resource estimate. Furthermore, there is currently no mining of the WK No. 9 seam or infrastructure on the property and all controlled resources occur below drainage.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Geological interpretation	<ul style="list-style-type: none"> > Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. > Nature of the data used and of any assumptions made. > The effect, if any, of alternative interpretations on Mineral Resource estimation. > The use of geology in guiding and controlling Mineral Resource estimation. > The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> > A total of 193 drill holes have been used to define the WK No. 9 seam coal deposit, develop a geologic model and provide the basis for a good understanding of the geology within the project area. A total of 191 drill holes have been used to define the WK No. 11 seam coal deposit, develop a geologic model and provide the basis for a good understanding of the geology within the project area. > From the original 203 drill hole database used to generate the geologic model, 25 drill holes were removed. These drill holes were removed because (1) they fell within the 200 feet barrier surrounding the faults which could potentially affect the seam thickness or, (2) secondary drilling, with more controlled data retrieval, approximate to an existing KGS drill hole revealed a thickness discrepancy. The WK No. 9 seam database used for modelling now includes 168 drills holes specific to coal identification from BCRs, HMG and the KGS and an additional 25 oil and gas well holes. The WK No. 11 seam database used for modelling now includes 166 drills holes specific to coal identification from BCRs, HMG and the KGS and an additional 25 oil and gas well holes. > These 25 oil and gas wells contained a geophysical log of better resolution than others in the area from which a seam thickness was obtained. An additional 1,040 oil and gas well holes have been identified within and surrounding the property of interest that have identifiable seam thickness but were used only to map the bottom seam elevation and overburden of the WK No. 9 seam, confirm location and displacement of faults, and verify continuity of the seam. Seam thickness of the oil and gas wells were generally reported on an even-feet basis and may not represent an accurate thickness compared to the BCRs, HMG and KGS data. > Of the reserve property contiguous to Buck Creek, there is one mine actively operating in the WK No. 9 seam and one in the 11 WK No. seam in the area west of the Buck Creek property. There are three mines in the WK No. 9 seam not active in areas to the north, west and south of the Buck Creek property. > There are numerous other active, inactive, and historical mines in the vicinity of the Buck Creek property. > Faulting is present throughout the area, the extent of which is well documented by the KGS. > The geology of the Buck Creek Complex is sufficiently understood through the exploration data, historical public records and publications by the USGS and the KGS for estimation of the coal Resource.
Dimensions	<ul style="list-style-type: none"> > The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<ul style="list-style-type: none"> > The geological model for the Buck Creek Complex covers an area in excess of 74,000 acres, 39,797 of which are currently leased. > The overburden thickness varies from less than 100 feet in the south-eastern portion of the property to more than 1,100 feet in the north- western corner.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques	> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.	> Coal exploration along with oil and gas drill hole information was used to develop a geologic model, which was used as the basis of the Resource estimation. The seam thickness model used for the WK No.9 Resource estimation contains 193 drill holes and the WK No. 11 contains 191 drill holes of which 168 and 166 respectively are coal specific obtained from the KGS and drilling programs conducted by BCRs and HMG. The other 25 are select oil and gas well holes use to identify areas of indicated coal.
	> The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	> Coal seams were identified from drill holes based on lithological logging by a competent geologist, and cross referenced with downhole geophysical survey logs where available.
	> The assumptions made regarding recovery of by-products.	> Seam correlation across the drill holes was completed by a BCRs and MM&A geologists. All correlations were verified by MM&A.
	> Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulfur for acid mine drainage characterisation).	> Coal seams from cored drill holes were sampled and sent to a laboratory for testing.
	> In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	> Geological data was imported into Surfer™ 12 and Carlson Mining® (formerly SurvCADD®) geological modelling software in the form of Microsoft® Excel files incorporating, drill hole collars, seam and thickness picks, bottom seam elevations and raw and washed coal quality. These data files were validated prior to importing into the software.
	> Any assumptions behind modelling of selective mining units.	> Once imported, a geologic model was created
	> Any assumptions about correlation between variables.	> The geological model was verified and reviewed.
	> Description of how the geological interpretation was used to control the resource estimates.	> Resources were estimated by defining seam thickness at each point of observation and by defining resource confidence arcs around the points of observation.
	> Discussion of basis for using or not using grade cutting or capping.	> Points of observation for Measured and Indicated confidence arcs were defined for all drill holes that intersected the seam.
	> The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	> As prescribed by the USGS the following distances from points of observation were used to define the corresponding Resource category arcs: Inferred Resources – greater than 3,960 feet but less than 15,840 feet (3 miles). Indicated Resources – 3,960 feet Measured Resources – 1,320 feet.
Moisture	> Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	> The use of the USGS standards are appropriate and customary for this resource jurisdiction and deposition type.
		> Resources were then estimated from the geological model using the resource categorization polygons for the WK No. 9 and WK No. 11 seams to limit the estimate to within the area defined by each polygon.
		> Resource tonnage has been estimated and reported on a raw as received moisture basis. Equilibrium moisture for the WK No. 9 seam is reported to range between 4.6% and 8.1% and the WK No. 11 seam ranges between 3.7% and 6.1%. Resource tons estimated on a raw as received moisture basis will be less than Resource tons reported on an equilibrium moisture + 4.0 percent moisture basis. Therefore, reporting Resource tons on a raw as received moisture basis is a more conservative approach.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Cut-off Parameters	<ul style="list-style-type: none"> > The basis of the adopted cut-off grade(s) or quality parameters applied. 	<ul style="list-style-type: none"> > Resource tonnage was estimated within the approximately 39,797 acres of controlled coal. > Resource tons were terminated at a minimum seam thickness of 3.0 feet. > A 200-foot mine exclusion zone was applied to each side and terminus of the identified faults. > No coal quality cut-off parameters were applied.
Mining factors or assumptions	<ul style="list-style-type: none"> > Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. 	<ul style="list-style-type: none"> > No mining factors (i.e., dilution, coal loss, recoverable resources at selective mining block size) have been applied to the coal resource estimate.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> > The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made. 	<ul style="list-style-type: none"> > The WK No. 9 and 11 seams are a thermal product; therefore, no metallurgical assumptions have been applied in estimating the Resource.
Environmental factors or assumptions	<ul style="list-style-type: none"> > Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	<ul style="list-style-type: none"> > No environmental assumptions have been built into the geological model or the Resource estimate. > MM&A is not aware of any significant environmental risk or encumbrances to mine development associated with the Buck Creek Complex. The land is currently primarily used for farming.
Bulk density	<ul style="list-style-type: none"> > Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. > The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. > Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<ul style="list-style-type: none"> > Laboratory derived seam densities measured in pounds per cubic foot were established for each of the BCRs coal samples and HMG's 2015 and 2016 coal samples analysed and used to estimate the Resource tons. Seam density was not determined for the coal samples from the HMG drilling programs of 2013 and 2014. > Coal Resources were estimated and reported on a raw as received moisture basis. > Resource tons estimated on a raw as received moisture basis will be less than Resource tons reported on an equilibrium moisture + 4.0 percent moisture basis. Therefore, reporting Resource tons on a raw as received moisture basis is a more conservative approach.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Classification	<ul style="list-style-type: none"> > The basis for the classification of the Mineral Resources into varying confidence categories. > Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). > Whether the result appropriately reflects the Competent Person's view of the deposit. 	<ul style="list-style-type: none"> > The Resource has been classified based on suitable distances from points of observations prescribed in the USGS Circular 891 and the United States Security and Exchange Commission's Industry Guide 7. The use of the USGS and SEC standards are appropriate and customary for this resource jurisdiction and deposition type. > Points of observation that included seam thickness have been extracted from cored drill holes, air rotary drill holes and a select few oil and gas wells.
Audits or reviews	<ul style="list-style-type: none"> > The results of any audits or reviews of Mineral Resource estimates. 	<ul style="list-style-type: none"> > The geological model and Resource estimation have been conducted by Mr. Kirt W. Suehs, Project Geologist with MM&A. > MM&A constructed the geological model after validation of the raw data and data processed previously by personnel from BCRs and the latest data provided by HMG of the 2013 through 2017 drilling programs. > The geological model was reviewed by checking the data in the geologic model against the actual data. > The geological model was verified by a series of cross sections and contour plans. > Engineering and Mining – MM&A peer reviewed the resource estimation and found it to be satisfactory with no fatal flaws.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> > Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. > The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. > These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<ul style="list-style-type: none"> > The geological model used for the Resource estimation has been constructed by MM&A and all data has been validated. > Resource estimation has been completed using standard coal estimation methods which are deemed appropriate for this deposit. > Resources have been categorized based on valid points of measurements and distances from points of observation as prescribed in the USGS Circular 891 and the United States Security and Exchange Commission's Industry Guide 7. The use of the USGS standards are appropriate and customary for this resource jurisdiction and deposition type. > The categories reflect the underlying confidence in the resources over the Buck Creek Complex.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Section 4 Estimation and Reporting of Ore Reserves

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> > Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. > Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves. 	<ul style="list-style-type: none"> > The original coal resource estimate for the Property was prepared by Cardno and presented in the TR titled "Resource Estimate for the Buck Creek Property as of August 14, 2013 – Located in McLean and Hopkins Counties, Kentucky" dated November 2013. > The coal resource estimate was subsequently updated in conjunction with this Bankable Feasibility Study (BFS) in order to incorporate additional exploration and coal quality data, along with changes in mineral property control since the 2013 TR. > The relative accuracy of, and confidence in, the coal resource tonnage estimates are judged to be in conformance with current industry best-practices; they are of sufficient reliability to support the mine plans and coal reserve estimates. > Coal resources are reported inclusive of the coal reserves.
Site visits	<ul style="list-style-type: none"> > Comment on any site visits undertaken by the Competent Person and the outcome of those visits. 	<ul style="list-style-type: none"> > A site visit, including Cardno's representative Mr. George Oberlick, P.E., was made to the Buck Creek Property on December 17 and 18, 2013. As part of the 2013 site visit, Cardno met with Hartshorne personnel to discuss Hartshorne's planned future operations. Cardno also visited the locations for the proposed surface facilities, river dock and underground mine. > A subsequent site visit to the Buck Creek Complex property occurred on October 29, 2014 by Mr. Gerard Enigk, P.E., who is one of the CP's for this report. As part of the 2014 site visit, Cardno met with Hartshorne to discuss the proposed Buck Creek Complex operations. The following observations were made: <ul style="list-style-type: none"> - Site access is well established and not likely to be impacted by adverse weather conditions - Public utilities (electrical power, potable water) are available at the site - Relatively flat-lying topography will help minimize earthwork-related construction and expense

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Study status	<p>> The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</p>	<p>The Study is classified as a BFS, and was undertaken by a team of industry professionals as listed below:</p> <ul style="list-style-type: none"> - Marshall Miller & Associates, Inc. (MM&A) - Geology, Mineral Resource and Reserve Estimation, and Mine Planning, Site Planning, and BFS Management - Strategic Energy Resolutions, Inc. - Market Assessment and Preliminary Marketing Plan - SNL Financial LC - Market Price Forecasts - Energy Venture Analysis, Inc. - Market Price Forecasts - Hanou Energy Consulting, LLC - Market Price Forecasts - Appalachian Mining & Engineering, Inc. - Ground Control Design - General Mine Contracting, Inc. - Preliminary Preparation Plant Design and Cost Estimation - William E. Groves Construction, Inc. -Electrical System Preliminary Design and Cost Estimation - Associated Engineers, Inc. - Permitting Information, Site Design, Geologic Consulting - Jennmar, Inc. - Roof Control Design and Cost Estimation - Pollard and Sons Excavating - Site Construction Cost Estimation - Buchanan Pump - Water System Design and Cost Estimation - Green River Barge Service - River Dock Operating Plan and Cost Estimation - Garrett Mine Service (GMS) - Supply & Materials Pricing - United Central Supply - Supply & Materials Pricing - Miller Contracting - Fan and Surface Facility Design and Cost Estimation - Alpha Engineering - Ventilation System Design - Magnum Drilling Services, Inc.- Exploration Core Drilling Services - Hawkey & Kline Coring & Drilling, Inc. - Exploration Core Drilling Services - 3D Dycus Diamond Drilling, LLC - Exploration Core Drilling Services - Standard Laboratories, Inc. - Analytical Laboratory Testing Services - SGS North America, Inc. - Analytical Laboratory Testing Services - Precision Testing Laboratory, Inc. - Analytical Laboratory Testing Services
	<p>> The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</p>	<p>> Coal reserves are based on an independent evaluation of the coal geology and a BFS of the coal reserve deposits contained within the controlled property.</p> <p>> A BFS economic analysis was completed, including discounted cash flow (DCF). Sensitivities to annual production, sales price, operating costs and capital costs were analyzed.</p> <p>> Coal reserves are presented on a recoverable basis and were derived from the controlled coal resources considering relevant modifying factors.</p>

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Cut-off parameters	> The basis of the adopted cut-off grade(s) or quality parameters applied.	> No coal quality cut-off parameters were applied.
Mining factors or assumptions	> The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).	> Grid files prepared from the geological database were used in the estimation of coal resources, including both seam thickness and elevation models encompassing the WK No. 9 and WK No. 11 seams. > The grid models were developed using Carlson Mining software, which was also used to develop mine plan projections and production timing sequence plans.
	> The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.	> The selection of the underground room-and-pillar mining method (with no second mining) is dictated by the size and configuration of the proposed mine boundary and the stipulation in the mineral leases that mining will not result in surface subsidence. > Access to the coal seam will be via decline slope, with ventilation provided by a main fan and vertical shafts. > Standard mining equipment, as deployed in neighboring mines, will be used at Poplar Grove.
	> The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.	> Geotechnical parameters and coal quality characteristics are based on laboratory results from samples taken from the coal seam, overlying strata, and underlying strata. These samples were taken from core obtained during exploration drilling. > A detailed geotechnical study was completed by AME in December 2013 titled "Ground Control Design for the Buck Creek Reserve West Kentucky No. 9 Seam".
	> The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).	> Pillar design is based on geotechnical characteristics defined during exploration drilling and laboratory testing of the coal seam, overlying strata, and underlying strata.
	> The mining dilution factors used.	> Dilution is based on the minimum mining height required (54 inches) for the equipment selected for the operation, resulting in an average dilution of approximately 8 inches for the WK No. 9 seam reserve and 5 inches for the WK No. 11 seam reserve.
	> The mining recovery factors used.	> Resource recovery used in the BFS is based on pillar design which incorporates geotechnical parameters defined by laboratory samples, mining depth at specific locations, and on practices at adjacent mines. Poplar Grove mining recovery ranges from 30% to 56% for the WK No. 9 seam and 29% to 57% for the WK No. 11 seam.
	> Any minimum mining widths used.	> Productivity and ground control design are based on mining widths of 19 feet. This width is consistent with the geotechnical design and practices at adjacent mines and is compatible with continuous mining room-and-pillar production equipment.
	> The manner in which Inferred Mineral Resources are utilized in mining studies and the sensitivity of the outcome to their inclusion.	> No Inferred Mineral Resources are included in the reserves or BFS financial model.
	> The infrastructure requirements of the selected mining methods.	> Provisions for supporting infrastructure are included in the capital expense estimates and include the following: - Offices and warehouse buildings - Bath house facilities - Power substation and connection to local utility - Coal Handling and Preparation Plant - Slope declines for seam access - Truck transport to barge-loading dock - Barge loading dock on the Green River

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	> The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.	> Processing will include crushing, heavy media separation, spiral separation, and mechanical dewatering. The plant will have the capability for a percentage of the run-of-mine feed to bypass the plant in order to produce a different quality product.
	> Whether the metallurgical process is well-tested technology or novel in nature.	> Processes are typical of those used in the coal industry and are in use at adjacent coal processing plants.
	> The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.	> Processes have been simulated by numerous float/sink tests on coal cores from exploration drilling using a specific gravity of 1.6. Based on 55 WK No. 9 seam samples and 7 WK No. 11 seam samples, an average float recovery of 93% for the No. 9 seam and 84% for the No. 11 seam is achieved.
	> Any assumptions or allowances made for deleterious elements.	> No significant effects on product quality are anticipated from dilution material; Float product quality was used to model final product quality.
	> The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole	> No bulk sample or pilot scale work has been completed.
Environmental	> For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet specifications?	> Average heat value, ash, and sulfur of the test results for the WK No. 9 and WK No. 11 seams at Poplar Grove indicate suitability for local thermal markets.
	> The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	> Cardno was retained by Hartshorne to perform an Environmental Audit for the Buck Creek Complex. > This Audit did not reveal the presence of any Recognized Environmental Conditions associated with the subject property or operations proposed at the subject property. > The designed refuse disposal areas are all on surface property controlled under existing option agreements and are located adjacent to the preparation plant. > The total refuse volume required for the life of the Poplar Grove Mine is estimated at 16.98 million cubic yards (MCY). The total available storage capacity is sufficient for the LOM refuse disposal needs of the Poplar Grove Mine (approximately 26.7 MCY).
Infrastructure	- The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	> The Poplar Grove Mine is located in McLean County, Kentucky; the required project infrastructure is readily available. > Paved roads provide access to the Poplar Grove Mine and planned facilities. > High-voltage power is available and sufficient to operate the mine, plant and associated facilities. > Potable water for offices and bathhouse facilities is available from a nearby community. > Water needed for processing coal and underground use can be readily supplied from wells on site. > The Green River dock site will be the primary avenue for shipment of coal to customers. > Western Kentucky is an established coal mining region, and workers are readily available from nearby existing communities. > Social infrastructure such as schools, hospitals, and commercial establishments are available in the surrounding communities.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Costs	> The derivation of, or assumptions made, regarding projected capital costs in the study.	> Capital and operating cost estimates were prepared by Hartshorne and MM&A.
	> The methodology used to estimate operating costs.	> The mine will be operated by Hartshorne. > Capital costs are based on vendor quotations. > Mobile equipment is assumed to be leased, with costs provided by equipment manufacturers. > Operating costs are estimated based on Hartshorne and MM&A information from adjacent operations, and on the productivity and mine plan components of the BFS. > Estimated Poplar Grove average operating costs for steady-state operating years is US\$28.28 per ton.
	> The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.	> Sales price assumptions for the Poplar Grove product are based on the sales agreement between Hartshorne and LGE for 2018 through 2022 and then escalated (real) pricing (based on the pricing in 2022 in the sales agreement between Hartshorne and LGE) from 2023 to 2043. > All of the Poplar Grove Mine product is projected to be sold as a blended product. > The blended product is predicted to have a quality of 11,272 Btu/lb. and 5.4 lbs. SO ₂ which meets the specifications of the target customers. > The lower-quality blended product will be subject to a price deduction for having a heating content less than 11,800 resulting in sales prices for the blended coal ranging from \$40.64 per ton in 2018 to \$53.38 per ton in 2043 during the mine's life.
	> Derivation of transportation charges.	> Transportation costs are based on barge rates for delivery to power plants along the Green River and Ohio River.
	> The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.	> Processing costs are based on experience at adjacent operations. Sales price is based on average delivered quality.
	> The allowances made for royalties payable, both Government and private.	> The combination of royalties from all mineral leases is 4.06 percent of gross sales price less federal excise tax, severance tax, and OSM reclamation tax.
Revenue factors	> The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.	> Average projected product coal quality is consistent with both the site-specific laboratory data available for the Property and adjacent mining operations currently producing in the WK No. 9 and WK No. 11 seams. > Average coal sales prices as defined above. > All prices are based on 2017 constant United States dollars. > Processing costs based on producing a single blended product as described above. > Materials handling and coal trucking costs, as well as dock costs, are included in the DCF model.
	> The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	> Coal sales prices as defined above.

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
Market assessment	> The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.	<ul style="list-style-type: none"> > Coal price forecasts, transportation, and market assessment were based on the Hanou Energy Consulting, LLC report titled "Illinois Basin Coal Price & Demand Forecast 2014-2034", which forecasts the market and pricing for Illinois Basin coals, and Strategic Energy Resolution's report titled "Buck Creek Project Market Assessment and Preliminary Marketing Plan," which provides information on the United States coal industry, the Illinois Basin (ILB), and the Ohio River utility market. > Information on historical ILB pricing was also obtained from IHS Energy. > Actual sales agreements between Hartshorne and LGE for Poplar Grove product.
	> A customer and competitor analysis along with the identification of likely market windows for the product.	<ul style="list-style-type: none"> > The Poplar Grove Mine is well-positioned to take advantage of the lowest cost transportation option, which is delivery by barge on the Ohio River system to electrical utility customers. > In addition, the project is located in close proximity to several power plants which purchase fuel by truck. > The Ohio River utility market provides a stable customer base for the marketing and sales of Poplar Grove coal, largely on account of the targeted plants already being retrofitted with pollution controls and the fact that they provide base-load generation.
	> Price and volume forecasts and the basis for these forecasts.	<ul style="list-style-type: none"> > Annual Poplar Grove production will total approximately 2.8 million marketable tons at full production. > The estimated average revenue ranges from \$42.16 per ton to \$65.64 per ton.
Economic	> The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.	<ul style="list-style-type: none"> > Excluding debt, the NPV of the Poplar Grove projected cash flows beginning in the year 2019 is US\$321 million at an 8-percent (real) discount rate. > The Poplar Grove internal rate-of-return is 36.6 percent. > All costs and prices are based on constant United States dollars. > Total Initial Capital Costs – Poplar Grove = \$56.8 million > Production (tons) – Poplar Grove <ul style="list-style-type: none"> - Average run-of-mine (ROM) Coal Production Steady State = 3.6 Mtpa - Total ROM Coal Produced Life-of-Mine = 89.0 million tons - Effective CHPP Yield = 76.1% - Life of Mine = 25.0 years - Average Clean Coal Production Steady State = 2.8 Mtpa - Total Saleable Coal Produced LOM* = 67.7 million tons > Cash flow <ul style="list-style-type: none"> - Sales Price Received (per ton) = 2018 is \$40.50/ton and 2042 is \$52.96/ton - Poplar Grove Average Cash Operating Costs = \$28.28 per ton (steady state) - Poplar Grove Average Annual Operating Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) (steady state) = \$59 million - Poplar Grove NPV = \$321 million - Poplar Grove Internal rate of return (IRR) = 36.6%

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary																																																		
	> NPV ranges and sensitivity to variations in the significant assumptions and inputs.	> The sensitivity study for Poplar Grove shows the NPV at the 8-percent (real) discount rate when Base Case annual production tonnages, sales prices, operating costs and capital costs are increased and decreased in increments of 5 percent within a +/-10-percent range.																																																		
		<table><tr><td>Minus 10%</td><td>NPV (\$000)</td></tr><tr><td>Production (tons)</td><td>\$235,959</td></tr><tr><td>Sales Value</td><td>\$238,484</td></tr><tr><td>Controllable Costs</td><td>\$380,596</td></tr><tr><td>Capital Expenditures</td><td>\$330,460</td></tr><tr><td>Minus 5%</td><td></td></tr><tr><td>Production (tons)</td><td>\$278,386</td></tr><tr><td>Sales Value</td><td>\$279,648</td></tr><tr><td>Controllable Costs</td><td>\$350,704</td></tr><tr><td>Capital Expenditures</td><td>\$325,636</td></tr><tr><td>Base Case</td><td></td></tr><tr><td>Production (tons)</td><td>\$320,812</td></tr><tr><td>Sales Value</td><td>\$320,812</td></tr><tr><td>Controllable Costs</td><td>\$320,812</td></tr><tr><td>Capital Expenditures</td><td>\$320,812</td></tr><tr><td>Plus 5%</td><td></td></tr><tr><td>Production (tons)</td><td>\$363,239</td></tr><tr><td>Sales Value</td><td>\$361,977</td></tr><tr><td>Controllable Costs</td><td>\$290,921</td></tr><tr><td>Capital Expenditures</td><td>\$315,988</td></tr><tr><td>Plus 10%</td><td></td></tr><tr><td>Production (tons)</td><td>\$405,666</td></tr><tr><td>Sales Value</td><td>\$403,141</td></tr><tr><td>Controllable Costs</td><td>\$261,029</td></tr><tr><td>Capital Expenditures</td><td>\$311,164</td></tr></table>	Minus 10%	NPV (\$000)	Production (tons)	\$235,959	Sales Value	\$238,484	Controllable Costs	\$380,596	Capital Expenditures	\$330,460	Minus 5%		Production (tons)	\$278,386	Sales Value	\$279,648	Controllable Costs	\$350,704	Capital Expenditures	\$325,636	Base Case		Production (tons)	\$320,812	Sales Value	\$320,812	Controllable Costs	\$320,812	Capital Expenditures	\$320,812	Plus 5%		Production (tons)	\$363,239	Sales Value	\$361,977	Controllable Costs	\$290,921	Capital Expenditures	\$315,988	Plus 10%		Production (tons)	\$405,666	Sales Value	\$403,141	Controllable Costs	\$261,029	Capital Expenditures	\$311,164
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Social	> The status of agreements with key stakeholders and matters leading to social license to operate.	> Stakeholder support has been strong during the property acquisition and permitting processes. Almost all mineral leases are held with resident land owners or families of resident land owners providing an enormous opportunity for economic gain in a relatively small community.																																																		
Other	To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:																																																			
	> Any identified material naturally occurring risks.	No material naturally occurring risks have been identified.																																																		
	> The status of material legal agreements and marketing arrangements.	> Mining and water quality permits have been submitted as discussed below. > Hartshorne has received strong support from potential utility customers, and will continue negotiations with these potential customers. One forward sales agreement has been executed, whereby the utility has, prior to the start of construction, committed to buy coal from Hartshorne at a set price.																																																		

Appendix: JORC Table 1 Checklist of Assessment and Reporting Criteria

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> > The status of government agreements and approvals critical to the viability of the project, such as mineral tenement status and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third part on which extraction of the reserve is contingent. 	<ul style="list-style-type: none"> > Hartshorne has received SMCRA mining permits covering the surface and underground disturbance footprints for the proposed Poplar Grove Mine. The SMCRA underground permit (Permit No. 875-5010) and SMCRA surface permit (Permit No. 875-8002) were approved 03/03/2017 and 02/21/2017, respectively. > The U.S. Army Corps of Engineers and Kentucky Division of Water have approved the associated 404/402 permits required for dock/mine construction.
Classification	<ul style="list-style-type: none"> > The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any). 	<ul style="list-style-type: none"> > Measured and indicated resources have been converted to proven and probable reserves, respectively. > None of the probable coal reserves have been derived from measured resources. > The results of the BFS for Poplar Grove define an estimated initial ROM recoverable ore (coal) reserve estimate of 49.40 million tons for Poplar Grove and 135.73 million tons for the combined Cypress and Poplar Grove mines. > The results of this BFS define an estimated 37.60 million tons of proven and probable marketable coal reserves for the Poplar Grove Mine, of which 16.00 million tons (or 43 percent) is considered proven and 21.60 million tons (or 57 percent) is considered probable (after the application of all mining factors). > The results of this BFS define an estimated 103.80 million tons of proven and probable marketable coal reserves for the Buck Creek Complex, of which 33.25 million tons (or 32 percent) is considered proven and 70.56 million tons (or 68 percent) is considered probable (after the application of all mining factors).
Audits or reviews	<ul style="list-style-type: none"> > The results of any audits or reviews of Ore Reserve estimates. 	<ul style="list-style-type: none"> > Coal reserve estimate has been prepared by MM&A and reviewed internally. > No external audits have been completed to date.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> > Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. 	<ul style="list-style-type: none"> > The BFS is based on a mine plan, project schedule and estimated capital and operating costs with an accuracy of +/-10 percent. > The accuracy of and confidence in the tonnage estimates provided herein are judged to be in conformance with current industry best practices. > Based on the sensitivity analysis conducted, the Poplar Grove Mine's NPV is most sensitive to changes in sales value. Because of this, detailed sales and marketing analysis were undertaken to verify the data used in the study.
	<ul style="list-style-type: none"> > The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. 	<ul style="list-style-type: none"> > All modifying factors have been applied to design the proposed Poplar Grove Mine on a global scale as current local data reflects the global assumptions.
	<ul style="list-style-type: none"> > Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. 	<ul style="list-style-type: none"> > An independent third-party expert should be retained in order to conduct an updated formal market study for the Poplar Grove Mine. > Ongoing efforts should be made to prepare and submit remaining permit applications necessary for construction and operation of the Poplar Grove Mine to the appropriate federal and state agencies.
	<ul style="list-style-type: none"> > It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<ul style="list-style-type: none"> > There has been no production to date, so no comparison to production or reconciliation data can be made.

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