PARINGA RESOURCES LIMITED

ANNUAL FINANCIAL REPORT

30 JUNE 2015

ABN 44 155 933 010

CORPORATE DIRECTORY

DIRECTORS:

Mr Ian Middlemas – Chairman
Mr David Gay – President and CEO
Mr Anastasios Arima – Executive Director
Mr David Chapman – Non-Executive Director
Mr David Griffiths – Non-Executive Director
Mr Todd Hannigan – Non-Executive Director
Mr Thomas Todd – Alternate Director

Mr Gregory Swan – Company Secretary

OFFICES:

Head Office:
Suite B, 6724 East Morgan Avenue
Evansville IN 47715
UNITED STATES
Tel: +1 812 406 4400

New York Office:
3rd Floor, 6 East 46th Street
New York NY 10017
UNITED STATES
Tel: +1 347 577 9497

Registered Office:
Level 9, 28 The Esplanade
Perth WA 6000
AUSTRALIA
Tel: +61 8 9322 6322

STOCK EXCHANGE LISTINGS:

United States:
OTCQX® Best Market (OTCQX Code: **PNGZF**)

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

SHARE REGISTRIES:

United States:
Computershare Investor Services
211 Quality Circle, Suite 210
College Station TX 77845
UNITED STATES
Tel: +1 781 575 4247

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

LAWYERS:

United States:
Frost Brown Todd Attorneys
Baker & McKenzie

Australia:
DLA Piper Australia

BANKERS:

United States:
Old National Bank

Australia:
Australian and New Zealand Banking Group Limited

AUDITOR:

Deloitte

WEBSITE:

www.paringaresources.com

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DIRECTORS' REPORT

The Directors of Paringa Resources Limited present their report on the Consolidated Entity consisting of Paringa Resources Limited ("**Company**" or "**Paringa**") and the entities it controlled at the end of, or during, the year ended 30 June 2015 ("**Consolidated Entity**" or "**Group**").

DIRECTORS

The names and details of the Group's Directors in office at any time during the financial year or since the end of the financial year are:

Mr Ian Middlemas	Chairman
Mr David Gay	President, Chief Executive Officer and Managing Director *(appointed Managing Director on 23 June 2015)*
Mr Anastasios Arima	Executive Director
Mr David Chapman	Non-Executive Director
Mr David Griffiths	Non-Executive Director
Mr Todd Hannigan	Non-Executive Director
Mr Thomas Todd	Alternate Director for Mr Todd Hannigan

Unless otherwise stated, Directors held their office from 1 July 2014 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Mr Ian Middlemas *B.Com, CA*
Chairman

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a Director with a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director of the Company on 16 October 2013. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Berkeley Energy Limited (April 2012 – present), Prairie Mining Limited (August 2011 – present), Pacific Ore Limited (April 2010 – present), Wildhorse Energy Limited (January 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Papillon Resources Limited (May 2011 – October 2014), Sierra Mining Limited (January 2006 – June 2014) and Decimal Software Limited (July 2013 – April 2014).

Mr David Gay *B.Eng, MBA, P.E.*
President, Chief Executive Officer and Managing Director

Mr Gay is a Professional Mining Engineer with an MBA and has over 35 years of experience in developing coal projects in the USA. Mr Gay's experience covers the entire coal development chain including leasing, permitting, exploration, construction, commissioning, production, mergers & acquisitions and financing activities (including project finance, high yield bonds, bank debt, structured finance and equity). Prior to joining the Group, he was Vice President, Mergers and Acquisitions and Business Development at Alpha Natural Resources, one of the USA's largest coal producers. During his time, Alpha completed over US$10 billion worth of mergers and acquisitions and transitioned into one of the largest coal companies in the US and the third largest coking coal exporter globally. Prior to that, Mr Gay led several large regional coal companies and was Business Unit President at Pittston Coal Group (20 years' experience) which at the time was the largest coking coal exporter worldwide.

Mr Gay was appointed Managing Director of the Company on 23 June 2015. During the three year period to the end of the financial year, Mr Gay has not held any other directorships in listed companies.

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr Anastasios (Taso) Arima
Executive Director

Mr Arima was a founder and former Executive Director of Coalspur Mines Limited ("Coalspur"), having been instrumental in the identification and acquisition of Coalspur's coal projects, as well as the corporate strategy and marketing of the company. At the time of his resignation from the Board, Coalspur's fully diluted market capitalisation was approximately A$1.2 billion. Mr Arima has previously worked in the hydrocarbon division at WorleyParsons Limited, and was also an analyst for an investment banking firm, where he specialised in the technical and financial requirements of bulk commodity and other resource projects.

Mr Arima was appointed a Director of the Company on 16 October 2013. During the three year period to the end of the financial year, Mr Arima held directorships in Coalspur Mines Limited (June 2009 – May 2011) and Prairie Mining Limited (September 2012 – present).

Mr David Griffiths *B. Bus*
Non-Executive Director

Mr Griffiths is a co-founder and Non-Executive Director of Silver Lake Resources Limited. A graduate from Curtin University, Mr Griffiths has held a number of senior management roles during his more than thirty years in the resources industry, including strategic communications experience developing from an initial focus on human resources and employee relations to broader, group-wide strategic roles. Mr Griffiths has worked with Rio Tinto, Worsley Alumina, Metana Minerals and WMC Resources where he held the roles of Group Manager Employee Relations and General Manager Corporate Affairs and Community Relations for ten years before leaving to establish communications strategy and public relations company Gryphon Management Australia Pty Ltd in 2004.

Mr Griffiths was appointed a Director of the Company on 7 September 2012. During the three year period to the end of the financial year, Mr Griffiths held directorships in Silver Lake Resources Limited (May 2007 – present) and Philips River Mining Limited (July 2012 – March 2014).

Mr David Chapman *BSc (Hons), MAUSIMM*
Non-Executive Director

Mr Chapman brings over thirty years resource industry experience as a geologist in senior and executive management roles with WMC Resources Ltd and the junior sector within Australia and overseas. His experience covers operations, exploration project management and construction, business development and project financing. Mr Chapman has spent about half of his professional career on exploration and project development in Brazil and is a fluent Portuguese speaker. He was a Director of WMC Resources Brazil office from 1991 to 2000 where he was responsible for exploration programs for gold and base metals throughout Brazil and French Guiana. More recently he was involved in the financing and construction of a significant base metal operation in Brazil. Through these activities he has developed a strong industry network within Brazil and South America.

Mr Chapman was appointed a Director of the Company on 7 September 2012. During the three year period to the end of the financial year, Mr Chapman held directorships in Sabre Resources Limited (May 2015 – present), and Erin Resources Limited (March 2011 – September 2012).

Mr Todd Hannigan *B. Eng (Hons)*
Non-Executive Director

Mr Hannigan was the Chief Executive Officer of Aston Resources from 2010 to 2011. During this time, the company significantly progressed the Maules Creek project, including upgrades to the project's resources and reserves, completion of all technical and design work for the Definitive Feasibility Study, negotiation of two major project stake sales and joint venture agreements, securing port and rail access and progression of planning approvals to final stages. Mr Hannigan has worked internationally in the mining and resources sector for over 18 years with Aston Resources, Xstrata Coal, Hanson PLC, BHP Billiton and MIM.

Mr Hannigan was appointed a Director of the Company on 21 May 2014. During the three year period to the end of the financial year, Mr Hannigan held a directorship in Prairie Mining Limited (September 2014 – present).

Mr Thomas (Tom) Todd *BSc (Hons), CA*
Alternate Director for Mr Todd Hannigan

Mr Todd was the Chief Financial Officer of Aston Resources from 2009 to November 2011. Prior to Aston Resources, Mr Todd was Chief Financial Officer of Custom Mining, where his experience included project acquisition and funding of project development for the Middlemount project to the sale of the company to Macarthur Coal. A graduate of Imperial College, Mr Todd holds a Bachelor of Physics with first class Honours. He is a member of The Institute of Chartered Accountants in England and Wales and a graduate of the Australian Institute of Company Directors.

Mr Todd was appointed as alternate Director for Mr Todd Hannigan on 21 May 2014. During the three year period to the end of the financial year, Mr Todd held a directorship in Prairie Mining Limited (September 2014 – present).

Mr Gregory Swan *B. Com, CA, ACIS, AFin*
Company Secretary

Mr Swan is a member of the Institute of Chartered Accountants and Institute of Chartered Secretaries. He commenced his career with a large international chartered accounting firm and has since worked in the corporate office of several listed companies that operate in the resources sector. He has been involved with a number of exploration and development companies, including Mantra Resources Limited, Coalspur Mines Limited, Equatorial Resources Limited, and Papillon Resources Limited.

Mr Swan was appointed Company Secretary of the Company on 25 November 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year consisted of the exploration and development of resource projects. No significant change in the nature of these activities occurred during the year.

OPERATING AND FINANCIAL REVIEW

Operations

During the year, the Company continued to focus on the development of the Buck Creek Coal Mining Complex ("**Buck Creek**" or "**Project**"), an advanced coal project located in the western Kentucky region of the Illinois Coal Basin ("**ILB**") which is one of the most prolific coal producing regions in the United States.

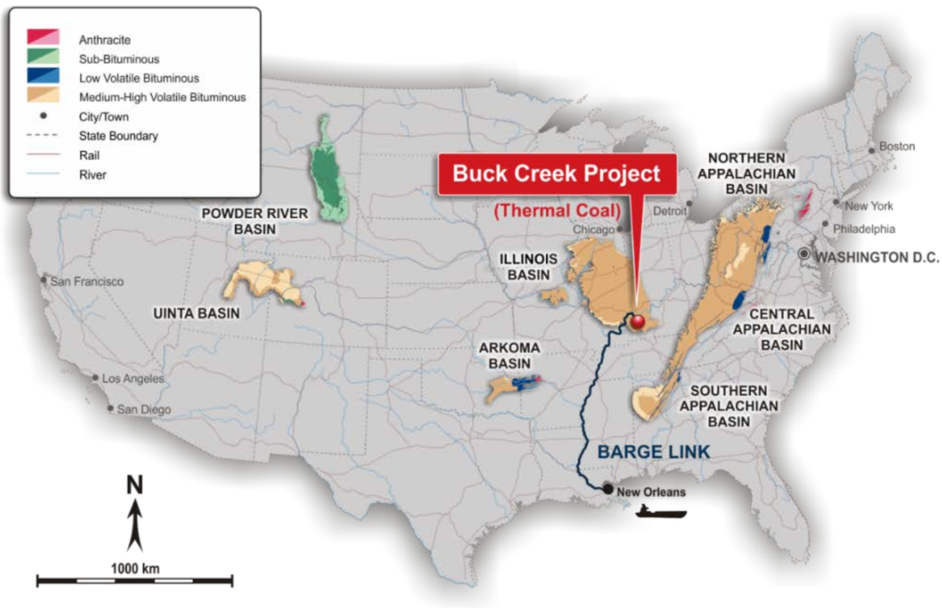

Figure 1: Location of the Buck Creek Mining Complex

DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Highlights

Highlights during, and subsequent to the end of, the financial year include:

Buck Creek No. 1 Mine

(i) Completed a Pre-Feasibility Study ("**PFS**") which confirmed the Buck Creek No.1 Mine to be a low CAPEX and high margin business with steady-state annual production of 3.8 million tons ("**Mt**") per annum;

(ii) Commenced a Bankable Feasibility Study ("**BFS**") for the Buck Creek No.1 Mine following the exceptional results from the PFS;

(iii) Completed development drilling at the Buck Creek No.1 Mine to assist with the detailed engineering design of the shafts and slope;

(iv) Commenced the preparation and execution of construction contracts for the development of the Company's Buck Creek No.1 Mine;

(v) Commenced negotiations with future customers within the lucrative Ohio River Market with the goal of executing forward sales contracts to underpin the financing and construction of Buck Creek No.1 Mine;

Buck Creek No. 2 Mine

(vi) Completed a technical study which confirmed the potential for the Buck Creek No. 2 Mine to be a very low CAPEX development given the shallow depth of the coal seam and ability to access the coal via a box cut and drift design;

(vii) Commenced a Scoping Study for the Buck Creek No.2 Mine following the extremely positive results from the technical study;

(viii) Completed a seven hole development drilling program to assist with initial engineering designs for the proposed Buck Creek No.2 Mine;

(ix) Completed coal quality testing which confirmed the Buck Creek No.2 Mine coal to be an attractive, highly sought after WK No.9 coal for Paringa's target Ohio River Market due to its high heating content, low ash, and low raw chlorine content;

Buck Creek Mining Complex

(x) Completed an updated Coal Resource Estimate ("**CRE**") comprising 216 million tons (~196 million tonnes) and a significant increase in Measured and Indicated Coal Resources to 211 million tons (~192 million tonnes) for the Buck Creek Mining Complex, representing a 54% increase from the maiden CRE;

(xi) Successfully secured new strategic coal leases covering approximately 8,138 gross acres (~3,293 ha) within the Buck Creek Mining Complex, consolidating one of the last remaining undeveloped, large-scale coal deposits in the Illinois Basin;

Corporate

(xii) Appointed the Company's President and Chief Executive Officer, Mr David Gay, as Managing Director of the Company;

(xiii) Appointed two highly experienced US based coal executives, Mr Scott Cole (as Chief Financial Officer) and Mr Rick Kim (as General Manager), to the Company's US management team;

(xiv) The Company's ordinary shares commenced trading in the United States on the OTCQX® Best Market under the symbol "PNGZF;

(xv) Completed a placement of 12.5 million shares to institutional and sophisticated investors in Australia and North America to raise gross proceeds of A$5.0 million in July 2014; and

(xvi) Completed a placement of 15.0 million shares and 7.5 million free-attaching options to US institutional investors and Australian and New Zealand institutional and sophisticated investors to raise gross proceeds of A$5.1 million in September 2015.

Buck Creek Mining Complex

The Buck Creek Mining Complex is located in the Western Kentucky region of the ILB which is one of the most prolific coal producing regions in the United States. Paringa controls over 34,200 gross acres (~13,842 ha) of coal leases within an area of interest of approximately 72,000 acres (~28,000 ha).

The Buck Creek Mining Complex is one of the few remaining contiguous high quality thermal coal projects within the Western Kentucky No. 9 ("**WK No. 9**") seam that is not controlled by one of the major United States coal companies. It offers one of the highest quality, highest heating value products in the ILB. The WK No. 9 is now the second largest producer of coal in the United States by coal seam.

The Buck Creek Mining Complex has a JORC Measured and Indicated Coal Resource Estimate of 211 million tons (~192 million tonnes) of high quality thermal coal.

Buck Creek Mining Complex – Coal Resource Estimate							
CRE Tonnage (Mt)					**Product Quality (+4% Eq. Moisture)**		
Measured	Indicated	**Total Measured & Indicated**	Inferred	**Total**	Calorific Value	Ash	Yield
57.7	153.5	**211.2**	5.3	**216.5**	11,855 Btu/lb (6,583 Kcal/kg)	8.35%	92.9%

The Buck Creek Project is located adjacent to the Green River which provides year round access to the Ohio and Mississippi rivers systems which feed domestic coal-fired power plants and coastal export coal terminals in the Gulf of Mexico.

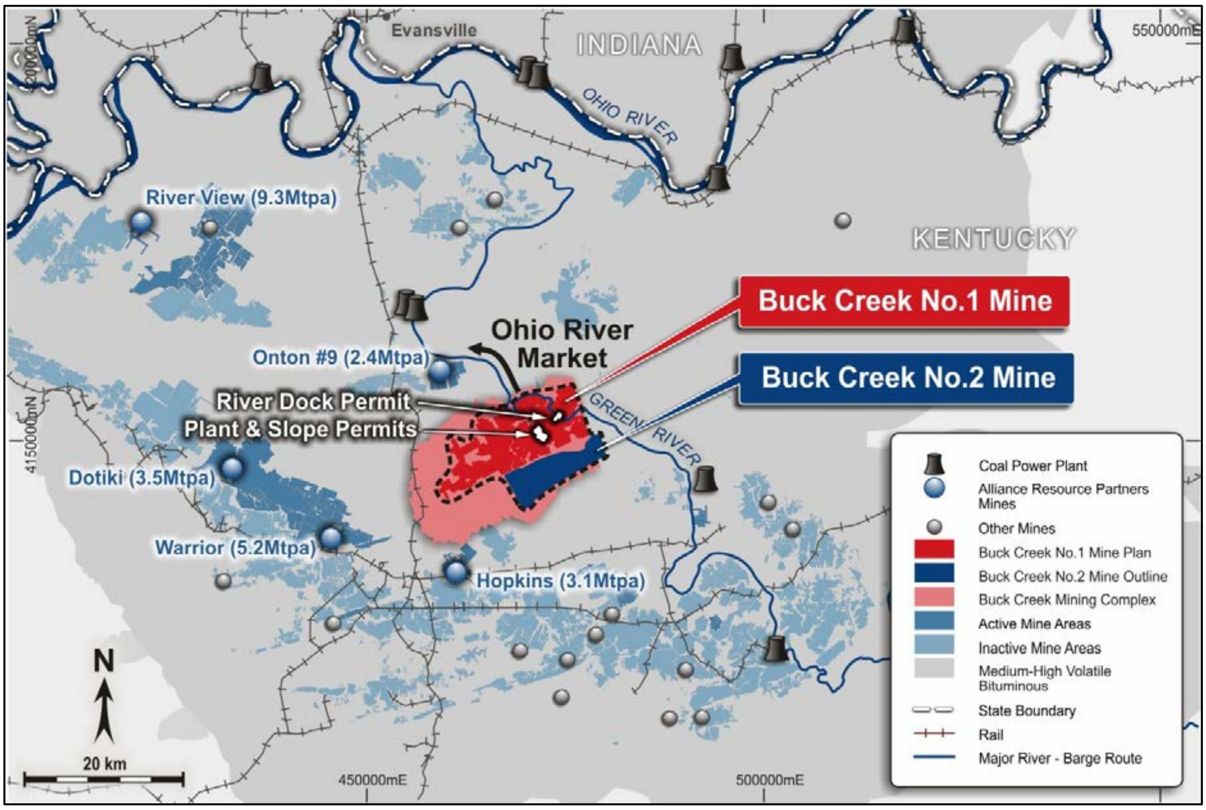

Figure 2: Buck Creek No.1 and No.2 Mine

OPERATING AND FINANCIAL REVIEW (Continued)

Buck Creek No. 1 Mine

Pre-Feasibility Study

During the year, the Company announced the results of its PFS for the Buck Creek No. 1 Mine within the Buck Creek Mining Complex. The PFS has been prepared in accordance with JORC Code 2012 Edition ("**JORC Code**") and National Instrument NI 43-101 'Standards of Disclosure for Mineral Projects' ("**NI 43-101**").

Utilising the Project's initial Marketable Ore Reserve Estimate of 62.6 million tons of coal, the Project can support production of 5.2 million tons per annum ("**Mtpa**") Run-of-Mine ("**ROM**") coal yielding approximately 3.8Mtpa of saleable clean coal at steady state production.

The low CAPEX, high margin Project is expected to achieve average earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") of US$81 million per annum (steady state) with average annual total operating costs (steady state; inclusive of royalties and severance taxes) of US$30.19 per ton Free On Board Barge ("**FOB Barge**") at the Project's barge load-out facility.

Key results of the PFS were as follows:

Strong Project Fundamentals ***(to a maximum accuracy variation +/- 10%)***		
Initial Capital Costs		
Mine Site Development and Infrastructure	US$79 million	
Coal Handling & Preparation plant ("CHPP") and Barge Load-Out Facility	US$48 million	
Total Initial Capital Cost	**US$127 million**	
Production (tons)		
Average ROM Coal Production Steady State	5.2 Mtpa	
Total ROM Coal Produced Life-of-Mine ("**LOM**")	86.2 Mt	
Average Product Yield	73.5%	
Mine Life	18 years	
Average Saleable Coal Production Steady State	3.8 Mtpa	
Total Saleable Coal Produced LOM	63.4 million	
Start of Construction	Early 2016	
Start of Production Ramp-Up	Early 2018	
Cashflow		
Average Sales Price Received (per ton)	2018	2035
	US$47.36/t	US$55.63/t
Average Annual Operating Costs (steady state)	US$30.19 per ton	
Average Annual Operating Cashflow (steady state)	US$81 million	

Maiden Ore Reserve Estimate

As part of the PFS, the Company announced an initial Marketable Ore Reserve Estimate of 62.6 million tons of thermal coal has been defined from the initial Recoverable Ore Reserve Estimate of 85.2 million tons. The Marketable Ore Reserve is classified as a Proven and Probable Ore Reserve Estimate, of which 16.4 million tons (or 26 percent) is considered proven and 46.3 million tons (or 74 percent) is considered probable (after the application of all mining factors).

Buck Creek No.1 Mine Maiden Ore Reserve Estimate						
Recoverable Coal Reserve (Mt)			**Product Yield**	**Marketable Coal Reserve (Mt)**		
Proven	Probable	**Total**	%	Proven	Probable	**Total**
22.25	62.91	**85.16**	73.54%	16.36	46.27	**62.63**

Bankable Feasibility Study

Following the successful completion of the PFS for the Buck Creek No.1 Mine in March 2015, Paringa commenced a BFS for the Buck Creek Project during the year with the aim to begin mine construction in 2016.

Paringa has re-appointed Cardno Limited ("**Cardno**") to manage the BFS. Cardno has almost 40 years of expertise in mining engineering, mine reserve evaluation, feasibility studies and due diligence services for mining and resource projects globally, and is an ASX-200 professional infrastructure and mining services company.

Cardno has been directly involved in numerous projects specifically related to coal mining operations, and provides mining engineering services to underground mining operations incorporating the latest technologies throughout the world. Its engineers have extensive coal mining industry backgrounds including responsibility in engineering, operations management, and executive management.

Cardno will utilise local industry consultants with expertise in coal mine development in the Illinois Basin region to facilitate development of the various components of the BFS, including (but not limited to) the design of slope and shafts, design of mine, design of processing facilities, and the preparation of coal marketing studies.

Coal Marketing

The initial target market for the Project's coal is the lucrative Ohio River Market consisting of large, scrubbed domestic power plants currently receiving Illinois Basin coal by barge along the Green, Ohio and Cumberland Rivers.

Within the Ohio River Market surrounding the Project, Paringa has identified 16 "Tier 1" coal marketing targets operated by 9 different utilities that have traditionally received fuel similar to the Project's coal.

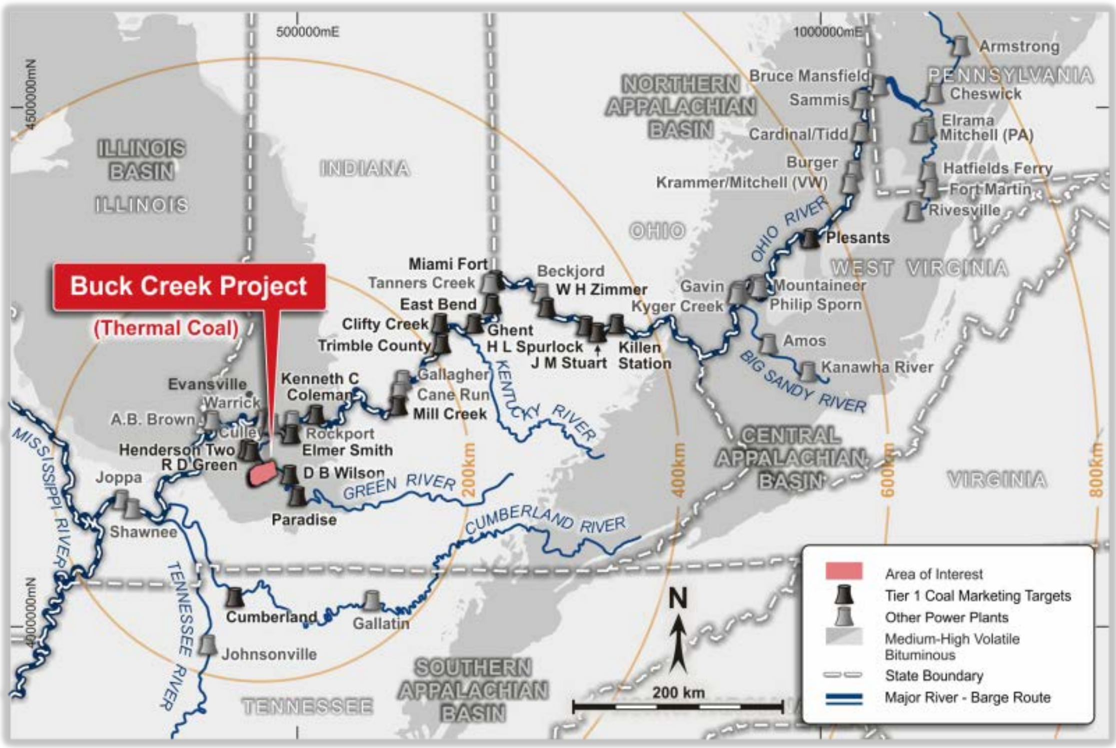

Figure 3: Buck Creek Mining Complex and Paringa's Target Market within the Ohio River Market

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 years 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.

During the year, the Company commenced negotiations with potential future customers within the lucrative Ohio River Market with the goal of executing forward sales contracts to underpin the financing and construction of Buck Creek No.1 Mine.

DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Buck Creek No. 1 Mine (Continued)

Permitting

Paringa has two distinct permitted areas for the Project, the plant site and the barge load-out facility. Both areas are permitted and the rights to develop the surface are controlled via option agreements. Surface rights to the new optimised barge load-out site and associated conveyor right-of-way are currently held under a lease with full rights to develop the surface. The permitting of the new optimised barge load-out facility site is currently underway, and the Company does not expect this routine permit approval process to impose delays in the construction of the Project.

Buck Creek No. 2 Mine

Scoping Study

Subsequent to year end, the Company completed its initial mine development and coal seam access design for the proposed Buck Creek No.2 Mine, which is located within the Company's Buck Creek Mining Complex and to the south of Buck Creek No.1 Mine's proposed 3.8 Mtpa coal operation.

Due to the shallow depth of the WK No.9 coal seam from the surface, access to the proposed Buck Creek No. 2 mine will be provided by a combination box cut and drifts for ventilation, transport of personnel, materials and ROM coal.

This box cut and drift design will be incorporated into a Scoping Study that the Company is currently completing for the Buck Creek No.2 Mine. The Scoping Study follows positive results from a technical study completed for the Buck Creek No.2 Mine and will be prepared in accordance with the JORC Code. The Company expects to complete the Scoping Study during the fourth quarter of 2015.

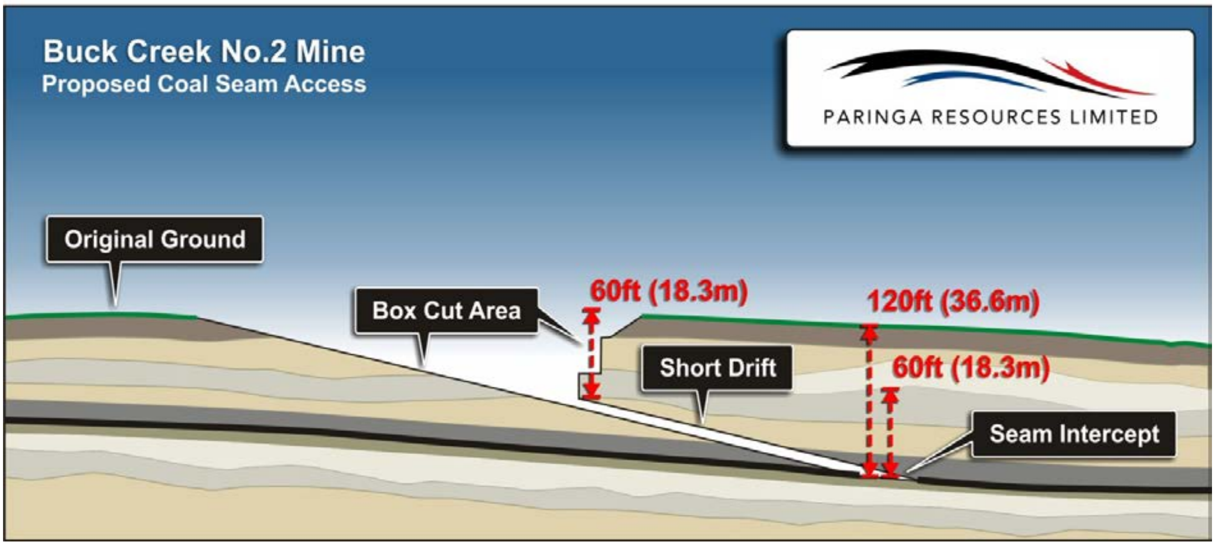

Figure 4: Proposed Box Cut and Drift Portals at the Buck Creek No.2 Mine

The box cut will consist of a rectangular excavation from the original surface approximately halfway (60 feet of 120 feet depth) to the WK No. 9 seam level with the remaining depth traversed by a series of decline drifts developed through the overburden rock above the WK No. 9 seam. As currently proposed the box cut will be approximately 300 feet wide and 100 feet long at its deepest level. This combined box cut/drift method of coal seam access is commonly used in the Illinois Basin to reduce construction expense where coal seams are relatively shallow.

Development Drilling

The Buck Creek Mining Complex has over 1,200 coal seam intercepts providing a significant level of understanding of the WK No.9 coal seam within the property.

During the year, the Company completed a seven core hole development drilling program targeting the WK No.9 coal seam within the proposed Buck Creek No.2 Mine in order to assist with the initial engineering design and orientation of the planned mine portal.

Results from the drill core holes that intercepted coal are in line with the Buck Creek No.1 Mine's geological model and reaffirm that the WK No.9 is a thick, flat, consistent, and laterally continuous coal seam.

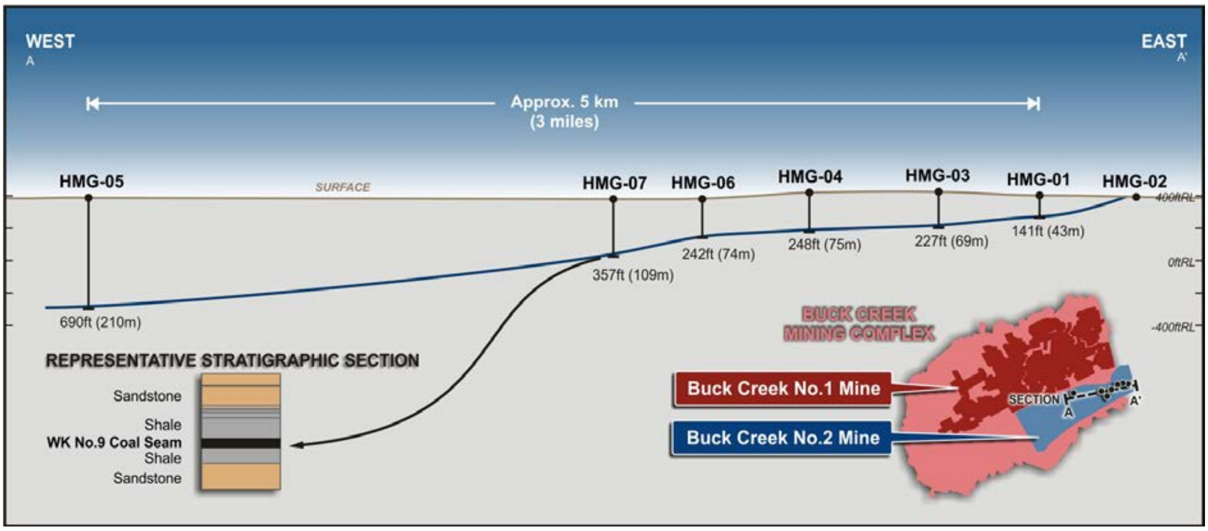

Figure 5: Cross-Section of Development Drill Holes at Buck Creek No.2 Mine

Coal Quality

Coal quality results from the 2015 drilling at the proposed Buck Creek No.2 Mine demonstrates particularly attractive coal quality properties compared to existing and new mines being developed in the Illinois Basin. On a product basis, together with a 4% addition to equilibrium moisture, the coal has a high weighted average heat content of 11,813 btu/lb (6,563 kcal/kg) which compares very favourably with the larger producing mines in the Illinois Basin. The weighted average ash content of the 2015 drilling results averages 9.10% and is in line with typical Illinois Basin coal products. In addition, the sulphur content at 2.65% is slightly lower than the average typically seen across the Illinois Basin.

Other Projects

The Company has secured over 14,000 gross acres (~5,600 ha) of coal leases in the Arkoma Coal Basin in Arkansas, USA ("**Arkoma Coking Project**"). Regional mapping and analysis of past coal production in the Arkoma basin led to the definition of this high value coking coal target area. Preliminary coal quality testing confirms low volatile hard coking coal with low ash and low sulfur contents which is highly desirable in the global coking coal markets.

During the year, the Company relinquished its residual exploration tenements in Brazil targeting gold and graphite following a review of exploration results. This was achieved through the sale of the Company's Brazilian subsidiary, Paringa Mineração Limitada, for a nominal amount which has allowed management to focus on the development of the Buck Creek Mining Complex and has reduced Paringa's ongoing monthly holding costs associated with these tenements.

DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Results of Operations

The net loss of the Consolidated Entity for the year ended 30 June 2015 was A$5,884,802 (2014: net loss of A$4,159,099). This loss is mainly attributable to:

(i) Exploration and evaluation expenses of A$4,262,751 (2014: A$2,239,040) which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of the rights to explore and up to the successful completion of definitive feasibility studies for each separate area of interest;

(ii) Non-cash share-based payment expenses of A$664,612 (2014: A$581,941) which is attributable to the Group's accounting policy of expensing the value (estimated using an option pricing model) of Incentive Options and Performance Rights granted to key employees and consultants. The value is measured at grant date and recognised over the period during which the option and rights holders become unconditionally entitled to the options and/or rights; and

(iii) Business development expenses of A$630,909 (2014: A$464,872) which is attributable to additional business development and investor relations activities required to support the growth and development of the Buck Creek Mining Complex, including travel costs associated with representing the Company at international conferences and investor meetings.

Financial Position

At the date of this report, the Company has cash reserves of approximately A$5.6 million following the completion of a placement to institutional and sophisticated investors in Australia and North America which raised gross proceeds of A$5.1 million subsequent to year end. At 30 June 2015, the Company had cash reserves of A$2.1 million (2014: A$4.5 million) and no debt. The Company is in a strong financial position to conduct its current and planned exploration and development activities.

At 30 June 2015, the Company had net assets of A$19.1 million (2014: A$19.0 million), an increase of 0.5% compared with the previous year.

Business Strategies and Prospects for Future Financial Years

The objective of the Group is to create long-term shareholder value through the discovery, exploration and development of its projects.

To date, the Group has not commenced production of any minerals. To achieve its objective, the Group currently has the following business strategies and prospects:

(i) Complete the BFS for the Buck Creek No.1 Mine during the December 2015 quarter;

(ii) Execute a coal forward sales contract with a customer in the lucrative Ohio River Market to underpin the financing and construction of the Buck Creek No.1 Mine;

(iii) Continue discussions with potential equity and debt financiers to fund the construction of the Buck Creek No.1 Mine;

(iv) Complete a Scoping Study for the Buck Creek No.2 Mine during the December 2015 quarter;

(v) Continue the Company's leasing program on the Buck Creek Mining Complex to secure additional leased properties to enable the Company to increase the CRE; and

(vi) Assess other mine development opportunities within the Buck Creek Mining Complex.

All of these activities are inherently risky and the Board is unable to provide certainty of the expected results of these activities, or that any or all of these likely activities will be achieved.

The material business risks faced by the Group that could have an effect on the Group's future prospects, and how the Group manages these risks, include:

- *The Company's activities will require further capital* – The development of the Company's exploration properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and any development of the Company's properties or even a loss of property interest. The Company's Board is experienced in capital markets and financing resource projects, however there can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company;

- *The Company's projects are not yet in production* - The exploration for, and development of, mineral deposits involve a high degree of risk. To mitigate this risk, the Company will undertake systematic and staged exploration and testing programs on its mineral properties and, subject to the results of these exploration programs, the Company will then progressively undertake a number of technical and economic studies with respect to its projects prior to making a decision to mine. However there can be no guarantee that the studies will confirm the technical and economic viability of the Company's mineral properties;
- *The Company may be adversely affected by fluctuations in commodity prices* – The price of coal and base metals fluctuates widely and is affected by numerous factors beyond the control of the Company. Future production, if any, from the Company's mineral properties and its profitability will be dependent upon the price of coal and/or base metals being adequate to make these properties economic. The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, this policy will be reviewed periodically going forward;
- *The Company's title to its projects could be challenged* – The Company conducts its exploration and development activities in the US on properties that it has leased. As is standard industry practice in the USA, title to most of the Company's leased properties and mineral rights is not thoroughly verified until construction commences, and in some cases, title is not verified at all. Accordingly, actual or alleged defects in title or boundaries may exist, which could adversely affect its business and profitability. In addition, the Company is continuing with its leasing program to secure additional leased properties within the project area to enable the Company to undertake further technical and economic studies, however there can be no guarantee that the Company will secure any additional leasing which could impact on the results of further technical studies and/or operations; and
- *The Company's activities are subject to Government regulations* – Any material adverse changes in government policies or legislation of the United States that affect coal mining, processing, development and mineral exploration activities, income tax laws, royalty regulations, government subsidies and environmental issues may affect the viability and profitability of Paringa's current and future projects. The mining, processing, development and mineral exploration activities of Paringa are subject to various laws governing exploration, 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 adverse impact the Company's mineral properties.
- *Global financial conditions may adversely affect the Company's growth and profitability* – Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Due to the current nature of the Company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth, or rate of growth, and ability to fund its activities.

EARNINGS PER SHARE

	2015 (Cents)	2014 (Cents)
Basic and diluted loss per share	**(4.39)**	(3.98)

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve. Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no significant known breaches by the Group during the financial year.

DIRECTORS' REPORT (Continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:

(i) On 29 July 2014, the Company completed a placement of 12,500,000 Shares at A$0.40 each to institutional and sophisticated investors in Australia and the United States to raise A$5,000,000 (before costs);

(ii) On 25 February 2015, the Company announced an updated 216 million ton (~196 million tonnes) CRE for the Buck Creek Mining Complex, representing a 54% increase in Measured and Indicated Coal Resources;

(iii) On 19 February 2015, the Company sold its Brazilian subsidiary, Paringa Mineração Limitada, for a nominal amount. Paringa Mineração Limitada held the Group's residual gold and graphite exploration tenements in Brazil;

(iv) On 17 March 2015, the Company announced the results from a PFS on the Buck Creek No.1 Mine which confirmed the Buck Creek No.1 Mine to be a low CAPEX and high margin business with steady-state annual production of 3.8 million tons per annum; and

(v) On 23 June 2015, the Company's President and CEO, Mr David Gay, was appointed to the Board of Directors as Managing Director of the Company.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

(i) On 3 September 2015, the Company completed a placement of 15,000,000 shares at A$0.34 each and 7,500,000 free-attaching Unlisted Options to institutional and sophisticated investors in the United States, Australia and New Zealand to raise A$5,100,000 (before costs); and

(ii) On 6 August 2015, the Company's ordinary shares commenced trading in the United States on the OTCQX® Best Market under the symbol "PNGZF".

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2015, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2015, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2015, of the Consolidated Entity.

DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

	Interest in securities at the date of this report		
	Shares[1]	Options[2]	Rights[3]
Mr Ian Middlemas	8,200,000	-	-
Mr David Gay	2,636,335	1,500,000	3,250,000
Mr Anastasios Arima	12,905,000	-	-
Mr David Griffiths	1,863,000	250,000	-
Mr David Chapman	3,096,667	1,000,000	-
Mr Todd Hannigan	6,000,000	1,875,000	-
Mr Thomas Todd	4,100,000	1,875,000	-

Notes:
[1] "Shares" means a fully paid ordinary share in the capital of the Company.
[2] "Options" means an unlisted option to subscribe for one Share in the capital of the Company.
[3] "Rights" means an unlisted performance right that converts into one Share in the capital of the Company upon the satisfaction of various performance conditions.

SHARE OPTIONS AND RIGHTS

At the date of this report the following Options and Rights have been issued over unissued Shares of the Company:

- 1,500,000 Options exercisable at A$0.20 each on or before 31 December 2016;
- 150,000 Options exercisable at A$0.30 each on or before 31 December 2016;
- 2,250,000 Options exercisable at A$0.30 each on or before 31 August 2017;
- 1,500,000 Options exercisable at A$0.45 each on or before 30 June 2018;
- 7,500,000 Options exercisable at A$0.50 each on or before 30 June 2018;
- 1,082,333 Rights subject to the BFS Milestone expiring on 31 December 2015;
- 450,000 Rights subject to the Cornerstone Milestone expiring on 30 June 2016;
- 700,000 Rights subject to the Financing Milestone expiring on 30 June 2016;
- 450,000 Rights subject to the Financing Milestone expiring on 31 December 2016;
- 1,876,000 Rights subject to the Construction Milestone expiring on 31 December 2016; and
- 3,788,334 Rights subject to the Production Milestone expiring on 31 December 2017.

During the year ended 30 June 2015, 1,233,333 Shares were issued as a result of the exercise of Options or conversion of Rights. Subsequent to year end, and up until the date of this report, no Shares have been issued as a result of the exercise of Options or conversion of Rights.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a Director or officer of the Company or Group for any liability caused as such a Director or officer and any legal costs incurred by a Director or officer in defending an action for any liability caused as such a Director or officer.

During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to the above indemnities. During the year the Company paid an insurance premium of A$22,126 (2014: A$15,000) to provide adequate insurance cover for Directors and officers of the Company and its subsidiaries against any potential liability and the associated legal costs of a proceeding.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("**KMP**") of the Group.

Details of Key Management Personnel

Details of the KMP of the Group during or since the end of the financial year are set out below:

Directors

Mr Ian Middlemas	Chairman
Mr David Gay	President, CEO and Managing Director *(appointed Managing Director on 23 June 2015)*
Mr Anastasios Arima	Executive Director
Mr David Chapman	Non-Executive Director
Mr David Griffiths	Non-Executive Director
Mr Todd Hannigan	Non-Executive Director
Mr Thomas Todd	Alternate Director for Mr Todd Hannigan

Other KMP

Mr Scott Cole	Chief Financial Officer *(appointed 2 June 2015)*
Mr Mathew Haaga	Chief Operating Officer
Mr James Plaisted	Vice President, Coal Sales and Marketing
Mr Rick Kim	General Manager *(appointed 21 July 2014)*
Mr Mark Pearce	Director of Hartshorne Coal Mining Pty Ltd
Mr Nathan Ainsworth	Business Development Manager
Mr Gregory Swan	Company Secretary

Unless otherwise disclosed, the KMP held their position from 1 July 2014 until the date of this report.

REMUNERATION REPORT (AUDITED) (Continued)

Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

(a) the Group is currently focused on undertaking exploration, appraisal and development activities;

(b) risks associated with developing resource companies whilst exploring and developing projects; and

(c) other than profit which may be generated from asset sales, the Company does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

Executive Remuneration

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Non-cash benefits may include provision of car parking and health care benefits.

Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Performance Based Remuneration – Short Term Incentives ("STI")

Some executives are entitled to an annual cash bonus upon achieving various key performance indicators ("**KPI's**"), as set by the Board. Having regard to the current size, nature and opportunities of the Company, the Board has determined that these KPI's will include measures such as successful commencement and/or completion of exploration activities (e.g. completion of exploration programs within budgeted timeframes and costs), development activities (e.g. completion of technical studies), corporate activities (e.g. recruitment of key personnel) and business development activities (e.g. successful investor relations activities and capital raisings). These measures were chosen as the Board believes these represent the key drivers in the short and medium term success of the project's development. The Board currently assesses performance against these criteria annually.

During the 2015 financial year, a total bonus sum of A$208,851 was paid, or is payable, to executives on achieving the KPIs set by the Board, which included: (a) completion of positive exploration and development drilling programs at the Buck Creek Mining Complex; (b) completion of updated CRE at the Buck Creek Mining Complex; (c) completion of a positive PFS for the Buck Creek No.1 Mine; (d) completion of a positive technical study for the Buck Creek No.2 Mine; (e) appointment of key US management personnel; (f) completion of positive investor marketing activities; and (g) completion of successful capital raisings.

Performance Based Remuneration – Long Term Incentives

The Group has adopted a long-term incentive plan ("**LTIP"**) comprising the "Paringa Performance Rights Plan" (the "**Plan"**) to reward KMP and key employees for long-term performance. Shareholders approved the Plan in October 2013 at a General Meeting of Shareholders.

The Plan provides for the issuance of performance rights ("**Performance Rights**") which, upon satisfaction of the relevant performance conditions attached to the Performance Rights, will result in the issue of an Ordinary Share for each Performance Right. Performance Rights are issued for no consideration and no amount is payable upon conversion thereof.

To achieve its corporate objectives the Company needs to attract and retain its key staff, whether employees or contractors. Grants made to eligible participants under the Plan will assist with the Company's employment strategy and will:

(a) enable the Company to recruit, incentivise and retain KMP and other eligible employees to assist with the completion of feasibility studies for the Buck Creek Coal Project to achieve the Company's strategic objectives;

(b) link the reward of eligible employees with the achievements of strategic goals and the long term performance of the Company;

(c) align the financial interests of eligible participants of the proposed Plan with those of Shareholders; and

(d) provide incentives to eligible employees of the Plan to focus on superior performance that creates Shareholder value.

Performance Rights granted under the Plan to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. The Performance Rights also vest where there is a change of control of the Company. Upon Performance Rights vesting, Ordinary Shares are automatically issued for no consideration. If a performance condition of a Performance Right is not achieved by the expiry date then the Performance Right will lapse.

During the financial year, Performance Rights were granted to certain KMP and other employees and contractors with certain performance conditions in relation to the Buck Creek Coal Project including: (a) completion of a positive PFS; (b) completion of a positive DFS; (c) commencement of construction activities; and (d) achievement of an agreed monthly coal production level.

In addition, the Group has chosen to provide Incentive Options to some KMP as part of their remuneration and incentive arrangements in order to attract and retain their services and to provide an incentive linked to the performance of the Group. The Board has a policy of granting Incentive Options to KMP with exercise prices at or above market share price (at the time of agreement). As such, the Incentive Options granted to KMP are generally only of benefit if the KMP perform to the level whereby the value of the Group increases sufficiently to warrant exercising the Incentive Options granted.

Other than service-based vesting conditions (if any), there are no additional performance criteria on the Incentive Options granted to KMP, as given the speculative nature of the Group's activities at the time and the previously small management team responsible for its running, it is considered the performance of the KMP and the performance and value of the Group are closely related.

The Company prohibits executives entering into arrangements to limit their exposure to Incentive Options and Performance Rights granted as part of their remuneration package.

Non-Executive Director Remuneration

The Board's policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, Incentive Options and Performance Rights may also be used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and given the current size, nature and opportunities of the Company, Non-Executive Directors may receive Incentive Options and Performance Rights in order to secure their initial or ongoing holding and retain their services.

Fees for the Chairman are presently A$50,000 per annum (2014: A$50,000) and fees for Non-Executive Directors' are presently set at A$30,000 per annum (2014: A$30,000). These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

The Company prohibits non-executives entering into arrangements to limit their exposure to Incentive Options and Performance Rights granted as part of their remuneration package.

REMUNERATION REPORT (AUDITED) (Continued)

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly, the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous financial years.

The Board did not determine, and in relation to, the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous financial years. Discretionary annual cash bonuses are based upon achieving various non-financial key performance indicators as detailed under "Performance Based Remuneration – Short Term Incentive" and are not based on share price or earnings. However, as noted above, certain KMP are granted Incentive Options and Performance Rights which generally will be of greater value to KMP if the value of the Company's shares increases (subject to vesting conditions being met).

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

Emoluments of Directors and Other KMP

Details of the nature and amount of each element of the emoluments of each Director and KMP of Paringa Resources Limited are as follows:

	Short-term benefits						
2015	Salary & fees A$	Cash Bonus A$	Other A$	Post-employment benefits A$	Share-based payments A$	Total A$	Performance related %
Directors							
Mr Ian Middlemas	50,000	-	-	4,750	-	54,750	-
Mr David Gay	358,466	119,489	19,100	14,706	249,962	761,723	49%
Mr Anastasios Arima	95,000	-	-	9,025	-	104,025	-
Mr David Chapman	30,000	-	-	2,850	-	32,850	-
Mr David Griffiths	30,000	-	-	2,850	-	32,850	-
Mr Todd Hannigan	30,000	-	-	2,850	-	32,850	-
Mr Thomas Todd	-	-	-	-	-	-	-
Other KMP							
Mr Scott Cole [1]	15,625	3,389	27	-	19,843	38,884	60%
Mr Mathew Haaga	194,858	9,463	15,388	-	73,026	292,736	28%
Mr James Plaisted	76,096	7,886	-	-	31,381	115,363	34%
Mr Richard Kim [2]	187,505	27,852	12,939	6,739	62,080	297,116	30%
Mr Mark Pearce [3]	-	-	-	-	-	-	-
Mr Nathan Ainsworth	193,997	40,772	3,249	15,042	100,503	353,563	40%
Mr Gregory Swan [4]	-	-	-	-	46,100	46,100	100%
Total	1,261,547	208,851	50,703	58,812	582,895	2,162,810	37%

Notes:
1 Mr Scott Cole was appointed on 2 June 2015.
2 Mr Kim was appointed on 21 July 2014.
3 During the year, Apollo Group Pty Ltd ('Apollo'), a company associated with Mr Pearce, was paid, or is payable, A$240,000 for the provision of a fully serviced office and administrative, accounting and company secretarial services to the Group, based on a monthly retainer of A$20,000. From 1 July 2015, the monthly retainer has been reduced to $18,000.
4 Mr Swan provides services as the Company Secretary through a services agreement with Apollo as described above.

2014	Short-term benefits Salary & fees A$	Cash Bonus A$	Other A$	Post-employment benefits A$	Share-based payments A$	Total A$	Performance related %
Directors							
Mr Ian Middlemas[1]	30,000	-	-	2,775	-	32,775	-
Mr Anastasios Arima[1]	80,000	-	-	7,400	-	87,400	-
Mr David Chapman	265,000	-	-	24,513	-	289,513	-
Mr David Griffiths	50,000	-	-	4,625	-	54,625	-
Mr Todd Hannigan[2]	3,288	-	-	304	-	3,592	-
Mr Thomas Todd[2]	-	-	-	-	-	-	-
Mr Luis Azevedo[3]	13,333	-	-	-	-	13,333	-
Other KMP							
Mr David Gay[1]	208,833	54,515	9,510	-	451,126	723,984	70%
Mr Mathew Haaga[1]	159,351	-	7,688	-	67,050	234,089	29%
Mr James Plaisted[4]	3,680	-	-	-	-	3,680	-
Mr Richard Kim[5]	-	-	-	-	-	-	-
Mr Mark Pearce[6]	-	-	-	-	-	-	-
Mr Nathan Ainsworth[7]	76,000	25,000	-	7,030	23,379	131,409	37%
Mr Gregory Swan[8]	-	-	-	-	-	-	-
Mr Nicholas Day[9]	27,500	-	-	-	6,200	33,700	18%
Total	916,985	79,515	17,198	46,647	547,755	1,608,100	39%

Notes:

[1] Messrs Middlemas, Arima, Gay and Haaga were appointed on 16 October 2013.
[2] Messrs Hannigan and Todd were appointed on 21 May 2014.
[3] Mr Azevedo resigned effective from 16 October 2013.
[4] Mr Plaisted was appointed on 16 June 2014.
[5] Mr Kim was appointed on 21 July 2014.
[6] Mr Pearce was appointed on 16 October 2013. During the year, Apollo, a company associated with Mr Pearce, was paid, or is payable, A$112,000 for the provision of a fully serviced office and administrative, accounting and company secretarial services to the Group.
[7] Mr Ainsworth was appointed on 1 February 2014.
[8] Mr Swan was appointed on 25 November 2013. Mr Swan provides services as the Company Secretary through a services agreement with Apollo as described above.
[9] Mr Day resigned effective from 25 November 2013.

Options and Rights Granted to KMP

Details of the values of Incentive Options and Performance Rights granted, exercised or lapsed for each KMP of the Group during the 2015 financial year are as follows:

2015	Value of Options/Rights Granted during the Year[1] A$	Value of Options/Rights exercised during the year A$	Value of Options/Rights lapsed during the year A$	Value of Options/Rights included in remuneration report for the year A$	Remuneration for the year that consists of Options/Rights %
Directors					
Mr David Gay	**514,000**	**(93,000)**	**(127,500)**	**249,962**	**33%**
Other KMP					
Mr Scott Cole	**316,800**	**-**	**-**	**19,843**	**51%**
Mr Mathew Haaga	**37,200**	**(37,200)**	**(51,000)**	**73,026**	**25%**
Mr James Plaisted	**158,200**	**(9,300)**	**(15,685)**	**31,381**	**27%**
Mr Rick Kim	**302,320**	**(18,600)**	**(31,370)**	**62,080**	**21%**
Mr Nathan Ainsworth	**267,900**	**(24,800)**	**(35,457)**	**100,503**	**28%**
Mr Greg Swan	**140,480**	**(14,880)**	**(25,096)**	**46,100**	**100%**
Total	**1,736,900**	**(197,780)**	**(286,108)**	**582,895**	**27%**

Notes:

[1] For details on the valuation of the Performance Rights, including models and assumptions used, please refer to Note 23 of the financial statements.

REMUNERATION REPORT (AUDITED) (Continued)

Options and Rights Granted to KMP (Continued)

Details of Incentive Options and Performance Rights granted by the Company to each KMP of the Group during the financial year are as follows:

2015	Options/ Rights	Grant Date	Expiry Date	Exercise Price A$	Grant Date Fair Value[1] A$	Number Granted	Number Vested
Directors							
Mr David Gay	Rights	31-Oct-14	30-Jun-16	-	0.314	250,000	-
Mr David Gay	Rights	31-Oct-14	31-Dec-16	-	0.314	250,000	-
Mr David Gay	Rights	30-Jan-15	30-Jun-15	-	0.186	500,000	500,000
Mr David Gay	Rights	02-Jun-15	30-Jun-16	-	0.352	300,000	-
Mr David Gay	Rights	02-Jun-15	31-Dec-17	-	0.352	450,000	-
Other KMP							
Mr Mathew Haaga	Rights	30-Jan-15	30-Jun-15	-	0.186	200,000	200,000
Mr James Plaisted	Rights	31-Oct-14	31-Dec-14	-	0.314	50,000	-
Mr James Plaisted	Rights	31-Oct-14	31-Dec-15	-	0.314	40,000	-
Mr James Plaisted	Rights	31-Oct-14	31-Dec-16	-	0.314	60,000	-
Mr James Plaisted	Rights	31-Oct-14	31-Dec-17	-	0.314	100,000	-
Mr James Plaisted	Rights	30-Jan-15	30-Jun-15	-	0.186	50,000	50,000
Mr James Plaisted	Rights	02-Jun-15	31-Dec-16	-	0.352	80,000	-
Mr James Plaisted	Rights	02-Jun-15	31-Dec-17	-	0.352	120,000	-
Mr Rick Kim	Rights	31-Oct-14	31-Dec-14	-	0.314	100,000	-
Mr Rick Kim	Rights	31-Oct-14	31-Dec-15	-	0.314	80,000	-
Mr Rick Kim	Rights	31-Oct-14	31-Dec-16	-	0.314	120,000	-
Mr Rick Kim	Rights	31-Oct-14	31-Dec-17	-	0.314	200,000	-
Mr Rick Kim	Rights	30-Jan-15	30-Jun-15	-	0.186	100,000	100,000
Mr Rick Kim	Rights	02-Jun-15	31-Dec-16	-	0.352	120,000	-
Mr Rick Kim	Rights	02-Jun-15	31-Dec-17	-	0.352	240,000	-
Mr Nathan Ainsworth	Rights	31-Oct-14	31-Dec-14	-	0.314	33,333	-
Mr Nathan Ainsworth	Rights	31-Oct-14	31-Dec-15	-	0.314	23,333	-
Mr Nathan Ainsworth	Rights	31-Oct-14	31-Dec-16	-	0.314	35,000	-
Mr Nathan Ainsworth	Rights	31-Oct-14	31-Dec-17	-	0.314	58,334	-
Mr Nathan Ainsworth	Rights	31-Oct-14	30-Jun-16	-	0.314	200,000	-
Mr Nathan Ainsworth	Rights	31-Oct-14	31-Dec-16	-	0.314	200,000	-
Mr Nathan Ainsworth	Rights	30-Jan-15	30-Jun-15	-	0.186	133,333	133,333
Mr Nathan Ainsworth	Rights	02-Jun-15	31-Dec-17	-	0.352	200,000	-
Mr Greg Swan	Rights	31-Oct-14	31-Dec-14	-	0.314	80,000	-
Mr Greg Swan	Rights	31-Oct-14	31-Dec-15	-	0.314	65,000	-
Mr Greg Swan	Rights	31-Oct-14	31-Dec-16	-	0.314	95,000	-
Mr Greg Swan	Rights	31-Oct-14	31-Dec-17	-	0.314	160,000	-
Mr Greg Swan	Rights	30-Jan-15	30-Jun-15	-	0.186	80,000	80,000
Mr Scott Cole	Rights	02-Jun-15	31-Dec-15	-	0.352	100,000	-
Mr Scott Cole	Rights	02-Jun-15	30-Jun-16	-	0.352	400,000	-
Mr Scott Cole	Rights	02-Jun-15	31-Dec-16	-	0.352	150,000	-
Mr Scott Cole	Rights	02-Jun-15	31-Dec-17	-	0.352	250,000	-

Notes:

[1] For details on the valuation of the Performance Rights, including models and assumptions used, please refer to Note 23 of the financial statements.

[2] Each Performance Right converts into one Ordinary Share of Paringa Resources Limited.

Option and Right holdings of Key Management Personnel

2015	Held at 1 July 2014	Granted as Remuneration	Exercised/ Converted	Expired/ Lapsed	Held at 30 June 2015	Vested and exercisable at 30 June 2015
Directors						
Mr Ian Middlemas	-	-	-	-	-	-
Mr David Gay	4,000,000	1,750,000	(500,000)	(500,000)	4,750,000	1,500,000
Mr Taso Arima	-	-	-	-	-	-
Mr David Chapman	1,000,000	-	-	-	1,000,000	1,000,000
Mr David Griffiths	250,000	-	-	-	250,000	250,000
Mr Todd Hannigan	1,500,000	-	-	-	1,500,000	1,500,000
Mr Tom Todd	1,500,000	-	-	-	1,500,000	1,500,000
Other KMP						
Mr Scott Cole	-[1]	900,000	-	-	900,000	-
Mr Mathew Haaga	1,000,000	200,000	(200,000)	(200,000)	800,000	-
Mr James Plaisted	-	500,000	(50,000)	(50,000)	400,000	-
Mr Rick Kim	-	960,000	(100,000)	(100,000)	760,000	-
Mr Mark Pearce	-	-	-	-	-	-
Mr Nathan Ainsworth	450,000	883,333	(133,333)	(133,333)	1,066,667	-
Mr Greg Swan	-	480,000	(80,000)	(80,000)	320,000	-
	9,700,000	5,673,333	(1,063,333)	(1,063,333)	(13,246,667)	(5,750,000)

Notes:
[1] As at date of appointment.

Shareholdings of Key Management Personnel

2015	Held at 1 July 2014	Granted as Remuneration	Options Exercised/ Rights Converted	Sales	Purchases	Held at 30 June 2015
Directors						
Mr Ian Middlemas	8,200,000	-	-	-	-	8,200,000
Mr David Gay	2,300,000	-	500,000	(163,665)[3]	-	2,636,335
Mr Taso Arima	16,573,500	-	-	(1,748,500)	-	14,825,000
Mr David Chapman	3,096,667	-	-	-	-	3,096,667
Mr David Griffiths	1,863,000	-	-	-	-	1,863,000
Mr Todd Hannigan	5,250,000	-	-	-	-	5,250,000
Mr Tom Todd	3,350,000	-	-	-	-	3,350,000
Other KMP						
Mr Scott Cole	-[1]	-	-	-	-	-
Mr Matthew Haaga	500,000	-	200,000	(66,889)[3]	-	633,111
Mr James Plaisted	-	-	50,000	(18,895)[3]	-	31,105
Mr Rick Kim	-	-	100,000	(35,588)[3]	-	64,412
Mr Mark Pearce	5,273,722	-	-	-	220,000	5,493,722
Mr Nathan Ainsworth	750,000	-	133,333	-	55,997	939,330
Mr Greg Swan	1,825,000	-	80,000	-	395,000	2,300,000
	48,981,889	-	1,063,333	(2,072,482)	670,997	48,682,682

Notes:
[1] As at date of appointment.
[2] As at date of resignation.
[3] These Shares were sold by US employees to satisfy their US withholding tax obligations imposed on them upon vesting of Performance Rights previously granted to them under the Paringa Performance Rights Plan.

REMUNERATION REPORT (AUDITED) (Continued)

Employment Contracts with Directors and Other KMP

Mr Gay, President and Chief Executive Officer, has an employment agreement with the Group which specifies the duties and obligations to be fulfilled by a President and Chief Executive Officer. The contract has a rolling 12 month term which is automatically extended at the end of each 12 month term unless the Group or Mr Gay gives notice of non-extension at least 3 months' prior to the end of the current 12 month term. The Group may terminate the contract for any reason at any time. No amount is payable in the event of termination by the Company for cause, including Mr Gay's wilful or negligent failure to perform his duties or in the event of termination caused by Mr Gay's death or disability. In the event of termination by the Company without cause, Mr Gay is entitled to receive his salary and benefits for a period equal to the greater of the remainder of the then-current 12 month term or 6 months. Mr Gay receives a fixed remuneration component of US$300,000 per annum and a discretionary annual bonus of up to US$100,000 to be paid upon the successful completion of KPI's as determined by the Board.

Mr Arima, Executive Director, has an employment agreement with the Group which specifies the duties and obligations to be fulfilled by an Executive Director. The contract has a rolling 12 month term which is automatically extended at the end of each 12 month term unless the Group or Mr Arima gives notice of non-extension at least 3 months' prior to the end of the current 12 month term. The Group may terminate the contract for any reason at any time. No amount is payable in the event of termination by the Company for cause, including Mr Arima's wilful or negligent failure to perform his duties or in the event of termination caused by Mr Arima's death or disability. In the event of termination by the Company without cause, Mr Arima is entitled to receive his salary and benefits for a period of 3 months. From 1 September 2015, Mr Arima receives a fixed remuneration component of US$125,000 per annum and a discretionary annual bonus of up to US$25,000 to be paid upon the successful completion of KPI's as determined by the Board.

Mr Cole, Chief Financial Officer, has a contract of employment with the Group which specifies the duties and obligations to be fulfilled by a Chief Financial Officer. The contract has a rolling 12 month term which is automatically extended at the end of each 12 month term unless the Group or Mr Cole gives notice of non-extension at least 3 months' prior to the end of the current 12 month term. The Group may terminate the contract for any reason at any time. No amount is payable in the event of termination by the Company for cause, including Mr Cole's wilful or negligent failure to perform his duties or in the event of termination caused by Mr Cole's death or disability. In the event of termination by the Company without cause, Mr Cole is entitled to receive his salary and benefits for a period equal to the greater of the remainder of the then-current 12 month term or 6 months. Mr Cole receives a fixed remuneration component of US$170,000 per annum and discretionary annual bonus of up to US$50,000 to be paid upon the successful completion of KPI's as determined by the Board.

Mr Haaga, Chief Operating Officer, has a contract of employment with the Company which specifies the duties and obligations to be fulfilled by a Chief Operating Officer. The contract has a rolling 12 month term which is automatically extended at the end of each 12 month term unless the Group or Mr Haaga gives notice of non-extension at least 3 months' prior to the end of the current 12 month term. The Group may terminate the contract for any reason at any time. No amount is payable in the event of termination by the Company for cause, including Mr Haaga's wilful or negligent failure to perform his duties or in the event of termination caused by Mr Haaga's death or disability. In the event of termination by the Company without cause, Mr Haaga is entitled to receive his salary and benefits for a period equal to the greater of the remainder of the then-current 12 month term or 6 months. Mr Haaga receives a fixed remuneration component of US$200,000 per annum.

Mr Plaisted, Vice President, Coal Sales and Marketing, is an at-will employee of the Group. The arrangement may be terminated by either party at any time and no amount is payable in the event of termination. Mr Plaisted receives remuneration of US$100 per hour.

Mr Kim, General Manager, has a contract of employment with the Company which specifies the duties and obligations to be fulfilled by the General Manager of the Buck Creek Project. The contract has a rolling 12 month term which is automatically extended at the end of each 12 month term unless the Group or Mr Kim gives notice of non-extension at least 3 months' prior to the end of the current 12 month term. The Group may terminate the contract for any reason at any time. No amount is payable in the event of termination by the Company for cause, including Mr Kim's wilful or negligent failure to perform his duties or in the event of termination caused by Mr Kim's death or disability. In the event of termination by the Company without cause, Mr Kim is entitled to receive his salary and benefits for a period equal to the greater of the remainder of the then-current 12 month term or 6 months. Mr Kim receives a fixed remuneration component of US$170,000 per annum.

Mr Ainsworth, Business Development Manager, has a contract of employment with the Company which specifies the duties and obligations to be fulfilled by a Business Development Manager. The contract has a rolling 12 month term which is automatically extended at the end of each 12 month term unless the Group or Mr Ainsworth gives notice of non-extension at least 3 months' prior to the end of the current 12 month term. The Group may terminate the contract for any reason at any time. No amount is payable in the event of termination by the Company for cause, including Mr Ainsworth's wilful or negligent failure to perform his duties or in the event of termination caused by Mr Ainsworth's death or disability. In the event of termination by the Company without cause, Mr Ainsworth is entitled to receive his salary and benefits for a period of 3 months. Mr Ainsworth receives a fixed remuneration component of US$165,000 per annum and discretionary annual bonus of up to US$40,000 to be paid upon the successful completion of KPI's as determined by the Board.

Loans with KMP

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2015.

Other Transactions with KMP

Apollo Group Pty Ltd, a Company of which Mr Pearce is a director and beneficial shareholder, was paid A$240,000 for the provision of serviced office facilities and administration services during the year, which was fully paid as of the reporting date. The amount is based on a monthly retainer of A$20,000 per month due and payable in arrears, with no fixed term and able to be terminated with one months' notice. From 1 July 2015, the monthly retainer has been reduced to A$18,000 per month.

End of Remuneration Report.

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows:

	Board Meetings	
	Number eligible to attend	**Number attended**
Mr Ian Middlemas	5	4
Mr David Gay	-	-
Mr David Griffiths	5	5
Mr Anastasios Arima	5	5
Mr David Chapman	5	5
Mr Todd Hannigan	5	5
Mr Thomas Todd	5	5

There were no Board committees during the financial year.

NON-AUDIT SERVICES

During the year, the Company's auditor, Deloitte, received, or is due to receive, nil (2014: nil) for the provision of non-audit services.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 22 of the Directors' Report.

Signed in accordance with a resolution of the Directors.

DAVID GAY
President and CEO

23 September 2015

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000

GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

The Board of Directors
Paringa Resources Limited
Level 9, BGC Centre
28 The Esplanade
Perth WA 6000

23 September 2015

Dear Board Members

Paringa Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Paringa Resources Limited.

As lead audit partner for the audit of the financial statements of Paringa Resources Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 A$	2014 A$
Continuing Operations			
Interest income	**2(a)**	**171,146**	232,412
Other income	**2(b)**	**122,711**	-
Exploration and evaluation expenses		**(4,262,751)**	(2,239,040)
Corporate and administrative expenses		**(620,387)**	(887,040)
Business development expenses		**(630,909)**	(464,872)
Share based payment expense	**3(c)**	**(664,612)**	(581,941)
Other expenses	**3(a)**	**-**	(218,618)
Loss before income tax		**(5,884,802)**	(4,159,099)
Income tax expense	**4**	**-**	-
Net loss for the year		**(5,884,802)**	(4,159,099)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**754,161**	(63,201)
Exchange differences reclassified to profit or loss on disposal of controlled entity		**(122,711)**	-
Total other comprehensive income/(loss) for the year, net of tax		**631,450**	(63,201)
Total comprehensive loss for the year, net of tax		**(5,253,352)**	(4,222,300)
Total comprehensive profit/(loss) attributable to members of Paringa Resources Limited		**(5,253,352)**	(4,222,300)
Basic and diluted earnings/(loss) per share from continuing operations (cents per share)	**18**	**(4.39)**	(3.98)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	30 June 2015 A$	30 June 2014 A$
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,104,414	4,511,985
Trade and other receivables	7	19,688	44,512
Other current financial assets	8	6,532	10,431
Total Current Assets		2,130,634	4,566,928
Non-Current Assets			
Exploration and evaluation assets	9	19,462,285	15,594,564
Plant and equipment	10	188,916	59,659
Other non-current financial assets	8	148,906	90,378
Total Non-current Assets		19,800,107	15,744,601
TOTAL ASSETS		21,930,741	20,311,529
LIABILITIES			
Current Liabilities			
Trade and other payables	11	252,827	254,625
Provisions	12	1,112	27,039
Other current financial liabilities	13	1,306,336	1,011,727
Total Current Liabilities		1,560,275	1,293,391
Non-Current Liabilities			
Other non-current financial liabilities	13	1,290,529	-
Total Non-current Liabilities		1,290,529	-
TOTAL LIABILITIES		2,850,804	1,293,391
NET ASSETS		19,079,937	19,018,138
EQUITY			
Contributed equity	14	29,605,511	24,725,079
Reserves	15	1,590,084	523,915
Accumulated losses	16	(12,115,658)	(6,230,856)
TOTAL EQUITY		19,079,937	19,018,138

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2015

	Contributed Equity A$	Share-based Payments Reserve A$	Foreign Currency Translation Reserve A$	Accumulated Losses A$	Total Equity A$
Balance at 1 July 2014	**24,725,079**	**581,941**	**(58,026)**	**(6,230,856)**	**19,018,138**
Net loss for the year	**-**	**-**	**-**	**(5,884,802)**	**(5,884,802)**
Exchange differences on translation of foreign operations	**-**	**-**	**754,161**	**-**	**754,161**
Exchange differences transferred to profit or loss on disposal of controlled entity	**-**	**-**	**(122,711)**	**-**	**(122,711)**
Total comprehensive loss for the year	**-**	**-**	**631,450**	**(5,884,802)**	**(5,253,352)**
Share placement	**5,000,000**	**-**	**-**	**-**	**5,000,000**
Share issue costs	**(349,461)**	**-**	**-**	**-**	**(349,461)**
Vesting of performance rights	**229,893**	**(229,893)**	**-**	**-**	**-**
Share based payments expense	**-**	**664,612**	**-**	**-**	**664,612**
Balance at 30 June 2015	**29,605,511**	**1,016,660**	**573,424**	**(12,115,658)**	**19,079,937**
Balance at 1 July 2013	10,400,784	-	5,175	(2,071,757)	8,334,202
Net loss for the year	-	-	-	(4,159,099)	(4,159,099)
Exchange differences on translation of foreign operations	-	-	(63,201)	-	(63,201)
Total comprehensive loss for the year	-	-	(63,201)	(4,159,099)	(4,222,300)
Shares issued to acquire controlled entity	13,420,000	-	-	-	13,420,000
Share placement	960,000	-	-	-	960,000
Share issue costs	(55,705)	-	-	-	(55,705)
Share based payments expense	-	581,941	-	-	581,941
Balance at 30 June 2014	24,725,079	581,941	(58,026)	(6,230,856)	19,018,138

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Year Ended 30 June 2015 A$	Year Ended 30 June 2014 A$
Cash flows from operating activities			
Payments to suppliers and employees		**(5,545,771)**	(3,569,984)
Interest received		**181,686**	324,476
Net cash outflow from operating activities	**17(a)**	**(5,364,085)**	(3,245,508)
Cash flows from investing activities			
Net cash inflow on acquisition of controlled entity	**19**	**-**	47,130
Payment for plant and equipment		**(148,005)**	(31,446)
Proceeds on sale of plant and equipment		**-**	500
Payment for exploration and evaluation assets	**9**	**(418,978)**	(200,346)
Payment of deferred consideration		**(1,194,886)**	(829,646)
Payment for refundable deposits		**-**	(79,909)
Net cash outflow from investing activities		**(1,761,869)**	(1,093,717)
Cash flows from financing activities			
Proceeds from issue of shares	**14(b)**	**5,000,000**	960,000
Payments for share issue costs	**14(b)**	**(349,461)**	(55,705)
Repayment of borrowings		**-**	(100,000)
Net cash (outflow)/inflow from financing activities		**4,650,539**	(804,295)
Net increase/(decrease) in cash and cash equivalents		**(2,475,415)**	(3,534,930)
Net foreign exchange differences		**67,844**	39,824
Cash and cash equivalents at beginning of the year		**4,511,985**	8,007,091
Cash and cash equivalents at the end of the year	**17(b)**	**2,104,414**	4,511,985

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Paringa Resources Limited ("**Paringa**" or "**Company**") and its consolidated entities ("**Consolidated Entity**" or "**Group**") for the year ended 30 June 2015 are stated to assist in a general understanding of the financial report.

Paringa is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ("**ASX**").

The financial report of the Group for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 22 September 2015.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ("**AASBs**") and other authoritative pronouncements of the Australian Accounting Standards Board ("**AASB**") and the *Corporations Act 2001*. The Group is a for-profit entity for the purposes of preparing the consolidated financial statements.

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

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

New and revised standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Group include:

(i) AASB 132 Financial Instruments and AASB2012-3 Amendments to Australian Accounting Standards arising from AASB 132;
(ii) AASB 136 Impairment of Assets and AASB2013-3 Amendments to Australian Accounting Standards arising from AASB 136; and
(iii) AASB 1031 Materiality and AASB 2013-9 (Part B) Amendments to Australian Accounting Standards to delete references to AASB 1031.

The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2015. These are outlined in the table below and overleaf:

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Classification and measurement AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. Financial assets a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Financial liabilities Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Hedge accounting Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.	1 January 2018	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2018

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 14	Regulatory deferral accounts	AASB 14 permits first-time adopter s to continue to account for amounts related to rat e regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. However, to enhance comparability with entities that already apply Australian Accounting Standards and do not recognise such amounts, AASB 14 requires that the effect of rate regulation must be presented separately from other items. An entity that is not a first-time adopter of Australian Accounting Standards will not be able to apply AASB 14. AASB 2014-1 Part D makes amendments to AASB 1 First-time Adoption of Australian Accounting Standards, which arise from the issuance of AASB 14 Regulatory Deferral Accounts in June 2014.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construct ion Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange f or those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transact ion price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation The AASB issued the Australian equivalent of IFRS 15, being AASB 15, in December 2014. Currently, these standards are effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted. (Note A) AASB 2 014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adopt ion of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial correct ions to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets bet ween an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets bet ween an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transact ion involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012– 2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 Non-current Assets Held for Sale and Discontinued Operations: • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 Financial Instruments: Disclosures: • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement ' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Off setting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate f or post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 1 34 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in deter mining where and in what order information is presented in the financial disclosures.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2015 and the results of all subsidiaries for the year then ended.

Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, is exposed or has rights to variable returns from its involvement and has the ability to use its power to affect the returns of those entities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due and are interest free.

(f) Investments and Other Financial Assets

(i) Classification

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

(ii) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the Statement of Profit or Loss and other Comprehensive Income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments available-for-sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the Statement of Profit or Loss and other Comprehensive Income as gains and losses on disposal of investment securities.

(iv) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in Profit or loss – is transferred from equity to the Statement of Profit or Loss and other Comprehensive Income. Impairment losses recognised in the Statement of Profit or Loss and other Comprehensive Income on equity instruments classified as held for sale are not reversed through the Statement of Profit or Loss and other Comprehensive Income.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 26). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Property, Plant and Equipment

(i) Cost and valuation

All classes of property, plant and equipment are measured at historical cost.

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the Statement of Profit or Loss and other Comprehensive Income as incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, Plant and Equipment (Continued)

(ii) Depreciation and Amortisation

Depreciation is provided on a straight line basis on all property, plant and equipment.

	2015	2014
Major depreciation and amortisation periods are:		
Plant and equipment:	**22%- 40%**	22%- 40%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(i) Exploration and Development Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*.

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition and are recorded as an asset if:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred, up to costs associated with the preparation of a bankable feasibility study.

(i) Impairment

Capitalised exploration costs are reviewed each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(j) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Revenue Recognition

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(m) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Paringa Resources Limited and its wholly-owned Australian subsidiaries has not yet formed an income tax consolidated group under the tax consolidation regime.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee Entitlements

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled wholly within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(o) Earnings per Share

Basic earnings per share (“EPS”) is calculated by dividing the net profit or loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of Ordinary Shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

(r) Acquisition of Assets

A group of assets may be acquired in a transaction which is not a business combination. In such cases the cost of the group is allocated to the individual identifiable assets (including intangible assets that meet the definition of and recognition criteria for intangible assets in AASB 138) acquired and liabilities assumed on the basis of their relative fair values at the date of purchase.

(s) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(t) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(u) Issued and Unissued Capital

Ordinary Shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Foreign Currencies

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement Profit or Loss and other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the other Comprehensive Income.

(iii) Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- items of equity are translated at the historical exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the Statement of Profit or Loss and other Comprehensive Income in the period in which the operation is disposed.

(w) Share-Based Payments

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Binomial option pricing model. Further details on how the fair value of equity-settled share based payments has been determined can be found in Note 23.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share based payments reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where Ordinary Shares are issued, the transaction is recorded at fair value based on the quoted price of the Ordinary Shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

(x) Use and Revision of Accounting Estimates, Judgements and Assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Exploration and Evaluation Assets (Note 9)
- Share-Based Payments (Note 23)

2. REVENUE AND OTHER INCOME

	Note	2015 $	2014 $
(a) Revenue			
Interest income		**171,146**	232,412
(b) Other income			
Gain on disposal of controlled entity[1]		**122,711**	-

Notes:

[1] During the year, the Company sold its Brazilian subsidiary, Paringa Mineração Limitada, for a nominal amount which resulted in a gain on disposal of A$122,711 relating to prior exchange differences on translation of Paringa Mineração Limitada that have been transferred from other comprehensive income to profit or loss.

3. OTHER EXPENSES

	Note	2015 $	2014 $
(a) Other expenses			
Impairment of exploration assets	9	**-**	218,618
(b) Depreciation included in statement of comprehensive income			
Depreciation of plant and equipment	10	**43,083**	24,425
(c) Employee benefits expense (including KMP)			
Salaries and wages		**1,946,573**	655,343
Superannuation expense		**76,408**	61,791
Share-based payment expense		**664,612**	581,941
Other employee benefits		**121,893**	41,661
Total employment expenses included in profit or loss		**2,809,486**	1,340,736

4. INCOME TAX

	Note	2015 $	2014 $
(a) Recognised in the statement of comprehensive income			
Current income tax			
Current income tax benefit in respect of the current year		**-**	-
Deferred income tax			
Origination and reversal of temporary differences		**(1,413,598)**	(965,506)
Adjustments in respect of deferred income tax of previous years		**(567,794)**	(1,318)
Deferred tax assets not brought to account		**1,981,392**	966,824
Income tax expense reported in the statement of Profit or Loss and other Comprehensive income		-	-
(b) Reconciliation between tax expense and accounting loss before income tax			
Accounting loss before income tax		**(5,884,802)**	(4,159,099)
At the domestic income tax rate of 30% (2014: 30%)		**(1,765,441)**	(1,247,730)
Expenditure not allowable for income tax purposes		**388,656**	282,224
Income not assessable for income tax purposes		**(36,813)**	-
Adjustments in respect of deferred income tax of previous years		**(567,794)**	(1,318)
Deferred tax assets not brought to account		**1,981,392**	966,824
Income tax expense reported in the statement of Profit or Loss and other Comprehensive income		**-**	-
(c) Deferred Tax Assets and Liabilities			
Deferred income tax at 30 June relates to the following:			
Deferred Tax Liabilities			
Accrued income		**1,188**	4,349
Deferred tax assets used to offset deferred tax liabilities		**(1,188)**	(4,349)
		-	-
Deferred Tax Assets			
Accrued expenditure		**9,450**	7,500
Capital allowances		**111,218**	154,072
Provisions		**334**	8,111
Tax losses available to offset against future taxable income		**3,344,415**	1,506,951
Deferred tax assets used to offset deferred tax liabilities		**(1,188)**	(4,349)
Deferred tax assets not brought to account		**(3,464,229)**	(1,672,286)
		-	-

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(c) Tax Consolidation

The Company and its wholly-owned Australian resident entities have not yet formed a tax consolidated group and are therefore are not taxed as a single entity.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends have been paid or proposed for the year ended 30 June 2015 (2014: Nil). The balance of the franking account as at 30 June 2015 is Nil (2014: Nil).

6. CASH AND CASH EQUIVALENTS

	Note	2015 $	2014 $
Cash at bank and on hand		**141,019**	561,985
Deposits at call		**1,963,397**	3,950,000
		2,104,416	4,511,985

7. TRADE AND OTHER RECEIVABLES

	Note	2015 $	2014 $
Accrued interest		**3,959**	14,498
GST and other receivables		**15,729**	26,264
Prepayments		**-**	3,750
		19,688	44,512

8. OTHER FINANCIAL ASSETS

	Note	2015 $	2014 $
Security deposits (current)		**6,532**	10,431
Security deposits (non-current)		**148,906**	90,378
		155,438	100,809

9. EXPLORATION AND EVALUATION ASSETS

	Note	2015 $	2014 $
(a) Areas of Interest			
Buck Creek Coal Project		**18,811,296**	15,078,210
Arkoma Coal Project		**650,989**	516,354
Carrying amount at end of the year [1]		**19,462,285**	15,594,564
(b) Reconciliation			
Carrying amount at start of year		**15,594,564**	218,618
Acquisition of controlled entity	**19**	**-**	15,358,092
Amended deferred consideration payable [2]		**2,375,314**	-
Change in fair value of deferred consideration payable		**53,770**	-
Other additions (coal leases)		**409,700**	210,737
Impairment		**-**	(218,618)
Exchange differences on translation of foreign operations		**1,028,937**	25,735
Carrying amount at end of the year[1]		**19,462,285**	15,594,564

Notes:

[1] The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

[2] During the year, the Group negotiated an amendment to the terms of its original acquisition of the Buck Creek Mining Complex. Under the original terms, the Group was to pay a final vendor payment of US$9.8 million ("Final Vendor Payment") by March 2016, plus a 0.5% vendor overriding royalty ("Vendor Override Royalty") on all coal mined and sold within the Buck Creek Mining Complex. Under the new amended terms, the Final Vendor Payment has been deferred to March 2018 and the Vendor Override Royalty has been removed, in return for the Group paying an additional US$1 million by March 2016 and US$1 million by March 2017 ("Royalty Buy-Out Payments") and by increasing the Final Vendor Payment to US$12 million. The additional US$2,000,000 Royalty Buy-Out Payments have been recorded as liabilities with a corresponding increase to exploration assets. No liability has been recorded for the US$12 million Final Vendor Payment, as this is to be paid at the Group's option only if it elects to complete the acquisition (refer to Note 27 for further details of contingent liabilities).

10. PLANT AND EQUIPMENT

	Note	2015 $	2014 $
(a) Plant and Equipment			
At cost		248,891	98,846
Accumulated depreciation		(59,975)	(39,187)
Carrying amount at end of year, net of accumulated depreciation		**188,916**	59,659
(b) Reconciliation			
Carrying amount at beginning of year, net of accumulated depreciation		**59,659**	39,065
Acquisition of controlled entity	**19**	**-**	36,495
Additions		**148,005**	31,446
Disposals		**-**	(24,522)
Depreciation charge	**3(b)**	**(43,083)**	(24,425)
Exchange differences on translation of foreign operations		**24,335**	1,600
Carrying amount at end of year, net of accumulated depreciation		**188,916**	59,659

11. TRADE AND OTHER PAYABLES

	Note	2015 $	2014 $
Trade creditors		**31,500**	79,113
Accrued expenses		**221,327**	175,512
		252,827	254,625

12. PROVISIONS

	Note	2015 $	2014 $
Employee annual leave provision		**1,112**	27,039
		1,112	27,039

13. OTHER FINANCIAL LIABILITIES

	Note	2015 $	2014 $
Deferred consideration payable (current)[1]		**1,306,336**	1,011,727
Deferred consideration payable (non-current)[1]		**1,290,529**	-
		2,596,865	1,011,727

Notes:

[1] Deferred consideration of US$1,000,000 is payable by the Company on or before 28 March 2016 and deferred consideration of US$1,000,000 is payable by the Company on or before 28 March 2017 in relation to its acquisition of the Buck Creek Mining Complex. At 30 June 2015, the fair value of these deferred consideration payments is estimated to be US$1,987,000 (A$2,596,865). Refer to Note 9 for further details.

14. CONTRIBUTED EQUITY

	Note	2015 $	2014 $
(a) Issued Capital			
138,816,667 fully paid ordinary shares (30 June 2014: 125,083,334)	**14(b)**	**29,605,511**	24,725,079
		29,605,511	24,725,079

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

14. CONTRIBUTED EQUITY (Continued)

(b) Movements in Ordinary Shares During the Past Two Years Were as Follows:

Date	Details	Number of Ordinary Shares	Issue Price $	$
01-Jul-14	**Opening balance**	**125,083,334**	**-**	**24,725,079**
29-Jul-14	Share placement	**12,500,000**	**$0.40**	**5,000,000**
29-Jul-14	Share issue costs	**-**	**-**	**(349,461)**
17-Mar-15	Vesting of Performance Rights	**1,233,333**	**$0.1864**	**229,893**
30-Jun-15	**Closing balance**	**138,816,667**	**-**	**29,605,511**
01-Jul-13	**Opening balance**	61,083,334	-	10,400,784
16-Oct-13	Acquisition of controlled entity (refer to note 20)	61,000,000	$0.22	13,420,000
21-May-14	Share placement	3,000,000	$0.32	960,000
21-May-14	Share issue costs	-	-	(55,705)
30-Jun-14	**Closing balance**	125,083,334	-	24,725,079

(c) Rights Attaching to Ordinary Shares:

The rights attaching to fully paid ordinary shares ("**Shares**") arise from a combination of the Company's Constitution, statute and general law.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

(i) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the Directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

(ii) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is two shareholders.

The Company holds annual general meetings in accordance with the Corporations Act 2001 and the Listing Rules.

(iii) Voting

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

(iv) Voting (Continued)

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(v) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(vi) Listing Rules

Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

15. RESERVES

	Note	30 June 2015	30 June 2014
Share based payments reserve	**15(b)**	**1,016,660**	581,941
Foreign currency translation reserve		**573,424**	(58,026)
		1,590,084	523,915

(a) Nature and Purpose of Reserves

(i) Share-based payments reserve

The share-based payments reserve is used to record the fair value of Incentive Options and Performance Rights issued by the Group.

(ii) Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(v). The reserve is recognised in the Statement of Profit or Loss and other Comprehensive Income when the net investment is disposed of.

(b) Movements in share-based payments reserve during the past two years

Date	Details	Number of Options	Number of Rights	$
1-Jul-14	**Opening Balance**	**3,900,000**	**4,400,000**	**581,941**
31-Oct-14	Grant of Performance Rights	-	2,630,000	-
31-Dec-14	Lapse of Performance Rights	-	(1,233,333)	-
30-Jan-15	Grant of Performance Rights	-	1,233,333	-
17-Mar-15	Vesting of Performance Rights	-	(1,233,333)	(229,893)
2-Jun-15	Grant of Performance Rights	-	2,550,000	-
30-Jun-14	Recognition of share based payments	-	-	664,612
30-Jun-15	**Closing Balance**	**3,900,000**	**8,346,667**	**1,016,660**

15. RESERVES (Continued)

(b) Movements in share-based payments reserve during the past two years (Continued)

Date	Details	Number of Options	Number of Rights	$
1-Jul-13	**Opening Balance**	**2,250,000**	**-**	**-**
6-Sept-13	Grant of Incentive Options	150,000	-	-
21-Nov-13	Grant of Incentive Options and Performance Rights	1,500,000	3,950,000	-
31-Jan-14	Grant of Performance Rights	-	450,000	-
30-Jun-14	Recognition of share based payments	-	-	581,941
30-Jun-14	**Closing Balance**	**3,900,000**	**4,400,000**	**581,941**

(c) Terms and Conditions of Incentive Options

The Incentive Options are granted based upon the following terms and conditions:

- Each Incentive Option entitles the holder to the right to subscribe for one Ordinary Share upon the exercise of each Incentive Option;
- The Incentive Options have the following exercise prices and expiry dates[1]:
  - 1,500,000 Incentive Options exercisable at $0.20 each on or before 31 December 2016;
  - 150,000 Incentive Options exercisable at $0.30 each on or before 31 December 2016;
  - 2,250,000 Incentive Options exercisable at $0.30 each on or before 31 August 2017;
- The Incentive Options are exercisable at any time prior to the Expiry Date, subject to vesting conditions being satisfied (if applicable);
- Ordinary Shares issued on exercise of the Incentive Options rank equally with the then Ordinary Shares of the Company;
- Application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon the exercise of the Incentive Options;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Incentive Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction; and
- No application for quotation of the Incentive Options will be made by the Company.

Notes:

[1] At 30 June 2015, the Company also had on issue 1,500,000 unlisted options (exercisable at $0.45 each on or before 30 June 2018) which are not share based payments under AASB 2 as they were issued as part of a share placement. These options have the same terms and conditions as the Incentive Options (other than exercise price and expiry date).

(d) Terms and Conditions of Performance Rights

The Performance Rights are granted based upon the following terms and conditions:

- Each Performance Right automatically converts into one Ordinary Share upon vesting of the Performance Right;
- Each Performance Right is subject to performance conditions (as determined by the Board from time to time) which must be satisfied in order for the Performance Right to vest;
- The Performance Rights have the following expiry dates:
  - 1,082,333 Performance Rights subject to the BFS Milestone expiring on 31 December 2015;
  - 450,000 Performance Rights subject to the Cornerstone Milestone expiring on 30 June 2016;
  - 700,000 Performance Rights subject to the Financing Milestone expiring on 30 June 2016;
  - 450,000 Performance Rights subject to the Financing Milestone expiring on 31 December 2016;
  - 1,876,000 Performance Rights subject to the Construction Milestone expiring on 31 December 2016; and
  - 3,788,334 Performance Rights subject to the Production Milestone expiring on 31 December 2017.
- Ordinary Shares issued on conversion of the Performance Rights rank equally with the then Ordinary Shares of the Company;
- Application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon conversion of the Performance Rights;

- If there is any reconstruction of the issued share capital of the Company, the rights of the Performance Right holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction; and
- No application for quotation of the Performance Rights will be made by the Company.

16. ACCUMULATED LOSSES

	2015 $	2014 $
Balance at 1 July	**(6,230,856)**	(2,071,757)
Net loss for the year attributable to members of Paringa Resources Limited	**(5,884,802)**	(4,159,099)
Balance at 30 June	**(12,115,658)**	(6,230,856)

17. STATEMENT OF CASH FLOWS

(a) Reconciliation of the Loss after Tax to the Net Cash Flows from Operations

	Note	2015 $	2014 $
Net profit/(loss) for the year		**(5,884,802)**	(4,159,099)
Adjustment for non-cash income and expense items			
Depreciation of plant and equipment	10	**43,083**	24,425
Net foreign exchange differences		**(61,366)**	-
Loss on disposal of plant and equipment		**-**	24,022
Impairment of exploration asset	9	**-**	218,618
Share based payment expense	23	**664,612**	581,941
Gain on disposal of controlled entity		**(122,711)**	-
Change in operating assets and liabilities			
(Increase) in trade and other receivables		**24,824**	(6,527)
Increase in trade and other payables		**(1,798)**	55,012
Increase in provisions		**(25,927)**	16,100
Net cash outflow from operating activities		**(5,364,085)**	(3,245,508)

(b) Reconciliation of Cash

	2015 $	2014 $
Cash at bank and on hand	**141,017**	561,985
Deposits at call	**1,963,397**	3,950,000
	2,104,414	4,511,985

(c) Non-cash Financing and Investing Activities

30 June 2015

There were no non-cash financing or investing activities during the year ended 30 June 2015.

30 June 2014

On 16 October 2013, the Company issued 61,000,000 Ordinary Shares as consideration for the acquisition of Hartshorne Coal Mining Limited. Refer to Note 20 for further details.

18. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2015 $	2014 $
Net loss attributable to members of the Parent Entity used in calculating basic and diluted earnings per share	**(5,884,802)**	(4,159,099)

	Number of Ordinary Shares 2015	Number of Ordinary Shares 2014
Weighted average number of Ordinary Shares used in calculating basic and diluted loss per share	**136,982,602**	104,403,881

(a) Non-Dilutive Securities

As at balance date, 5,400,000 Options (including 3,900,000 Incentive Options and 1,500,000 unlisted placement options) and 8,346,667 Performance Rights, which together represent 13,746,667 potential Ordinary Shares (2014: 9,800,000), were considered non-dilutive as they would decrease the loss per share.

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2015

Since 30 June 2015, the Company has issued 13,500,000 Ordinary Shares at an issue price of A$0.34 per share and 6,750,000 free-attaching Unlisted Options at an exercise price of A$0.50 expiring 31 July 2018.

Other than as outlined above, there have been no other conversions to, calls of, or subscriptions for Ordinary Shares or issues of potential Ordinary Shares since the reporting date and before the completion of this financial report.

19. ACQUISITION OF CONTROLLED ENTITY

30 June 2014

On 16 October 2013, the Group completed the acquisition of Hartshorne Coal Mining Limited ("**Hartshorne**") which holds the Buck Creek Mining Complex and Arkoma Coal Project located in the USA. The transaction has been accounted for as an asset acquisition in accordance with the Group's accounting policy for exploration and evaluation expenditure considering AASB 3 Business Combinations and the nature of the Asset being acquired.

The total cost of the acquisition was $13,512,258 and comprised of an issue of equity instruments and costs directly attributable to the transaction. The fair values of net assets acquired at the date of acquisition were:

	Note	16 October 2013 $
Net assets acquired:		
Cash and cash equivalents		139,388
Trade and other receivables		9,805
Exploration and evaluation assets	**9**	15,358,092
Property plant and equipment	**10**	36,495
Trade and other payables		(141,101)
Borrowings		(100,000)
Deferred consideration payable [1]		(1,790,421)
		13,512,258
Cost of the acquisition:		
61,000,000 fully paid ordinary shares [2]	**14(b)**	13,420,000
Directly attributable costs		92,258
		13,512,258
Net cash inflow on acquisition:		
Net cash acquired		139,388
Cash cost of the acquisition		(92,258)
		47,130

Notes:

[1] Deferred consideration is made up of US$750,000 which was paid by the Group in March 2014 and a further payment of US$1,000,000 which was paid by the Group in March 2015 in relation to Hartshorne's acquisition of the Buck Creek Mining Complex. At the date of the acquisition by Hartshorne, the fair value of these deferred consideration payments were estimated to be US$1,705,000 (A$1,790,421 at 16 October 2013).

[2] The fair value of fully paid ordinary shares issued at the acquisition date has been determined based on the closing share price of the Company as quoted on the ASX on 16 October 2013 being $0.22 per ordinary share.

20. RELATED PARTIES

(a) Subsidiaries

Name	Country of Incorporation	% Equity Interest 2015 %	% Equity Interest 2014 %
Hartshorne Coal Mining Pty Ltd	Australia	100	100
HCM Resources Pty Ltd	Australia	100	100
Hartshorne Holdings LLC	USA	100	100
Hartshorne Mining Group LLC	USA	100	100
Hartshorne Mining LLC	USA	100	100
Hartshorne Land LLC	USA	100	100
HCM Operations LLC	USA	100	100
Paringa Mineracao Limitada [1]	Brazil	-	100

Notes:

[1] During the year, the Company sold its Brazilian subsidiary, Paringa Mineração Limitada, for a nominal amount which resulted in a gain on disposal of A$122,711 relating to prior exchange differences on translation of Paringa Mineração Limitada that have been transferred from other comprehensive income to profit or loss.

(b) Ultimate Parent

Paringa Resources Limited is the ultimate parent of the Group.

(c) Key Management Personnel

Transactions with Key Management Personnel, including remuneration, are included at Note 21.

(d) Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

21. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The KMP of the Group during or since the end of the financial year were as follows:

Directors

Mr Ian Middlemas	Chairman
Mr David Gay	President, CEO and Managing Director (appointed Managing Director on 23 June 2015)
Mr Anastasios Arima	Executive Director
Mr David Chapman	Non-Executive Director
Mr David Griffiths	Non-Executive Director
Mr Todd Hannigan	Non-Executive Director
Mr Thomas Todd	Alternate Director for Mr Todd Hannigan

Other KMP

Mr Scott Cole	Chief Financial Officer (appointed 2 June 2015)
Mr Mathew Haaga	Chief Operating Officer
Mr James Plaisted	Vice President, Coal Sales and Marketing
Mr Rick Kim	General Manager (appointed 21 July 2014)
Mr Mark Pearce	Director of Hartshorne Coal Mining Pty Ltd
Mr Nathan Ainsworth	Business Development Manager
Mr Gregory Swan	Company Secretary

Unless otherwise disclosed, the KMP held their position from 1 July 2014 until the date of this report.

	2015 $	2014 $
Short-term employee benefits	**1,521,101**	1,013,698
Post-employment benefits	**58,813**	46,647
Share-based payments	**582,895**	547,755
Total compensation	**2,162,809**	1,608,100

(b) Loans with Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2015 (2014: Nil).

(c) Related Party Transactions with Key Management Personnel

30 June 2015:

Apollo Group Pty Ltd, a Company of which Mr Pearce is a director and beneficial shareholder, was paid $240,000 for the provision of serviced office facilities and administration services during the year, which was fully paid as of the reporting date. The amount is based on a monthly retainer of $20,000 per month due and payable in advance, with no fixed term ($18,000 per month effective from 1 July 2015).

30 June 2014:

Apollo Group Pty Ltd, a Company of which Mr Pearce is a director and beneficial shareholder, was paid $112,000 for the provision of serviced office facilities and administration services during the year, which was fully paid as of the reporting date. The amount is based on a monthly retainer of $16,000 per month due and payable in advance, with no fixed term ($20,000 per month effective from 1 July 2014).

22. PARENT ENTITY DISCLOSURES

	2015 $	2014 $
(a) Financial Position		
Assets		
Current assets	**1,989,012**	4,277,264
Non-current assets	**17,189,010**	14,908,971
Total assets	**19,178,022**	19,186,235
Liabilities		
Current liabilities	**98,085**	168,097
Total liabilities	**98,085**	168,097
Equity		
Contributed equity	**29,605,511**	24,725,079
Accumulated losses	**(11,542,234)**	(6,288,882)
Reserves	**1,016,660**	581,941
Total equity	**19,079,937**	19,018,138
(b) Financial Performance		
Profit/(loss) for the year	**(8,547,216)**	(4,217,125)
Other comprehensive income/(loss)	**-**	-
Total comprehensive income/(loss)	**(8,547,216)**	(4,217,125)

(c) Other information

The Company has not entered into any guarantees in relation to its subsidiaries.

Refer to Note 27 for details of contingent assets and liabilities.

23. SHARE-BASED PAYMENTS

(a) Recognised Share-based Payment Expense

From time to time, the Group provides Incentive Options and Performance Rights to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options or rights granted, and the terms of the options or rights granted are determined by the Board. Shareholder approval is sought where required.

During the past two years, the following equity-settled share-based payments have been recognised:

	2015 $	2014 $
Expense arising from equity-settled share-based payment transactions	**664,612**	581,941

(b) Summary of Incentive Options and Performance Rights Granted as Share-based Payments

The following table illustrates the number and weighted average exercise prices (WAEP) of Incentive Options and Performance Rights granted as share-based payments at the beginning and end of the financial year:

	2015 Number	2015 WAEP	2014 Number	2014 WAEP
Outstanding at beginning of year	**8,300,000**	**$0.17**	2,250,000	$0.30
Granted during the year	**6,413,333**	**-**	6,050,000	$0.06
Lapsed/expired during the year	**(1,233,333)**	**-**	-	-
Exercised/converted during the year	**(1,233,333)**	**-**	-	-
Outstanding at end of year	**12,246,667**	**$0.11**	8,300,000	$0.17

At 30 June 2015, the Company also had on issue 1,500,000 unlisted placement options (exercisable at $0.45 each on or before 30 June 2018) which are not share based payments under AASB 2 as they were issued as part of a share placement.

The following Incentive Options and Performance Rights were granted as share-based payments during the past two years:

Option Series	Security Type	Number	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value $
2014						
Series 1	Options	150,000	2-Sept-13	31-Dec-16	0.30	0.062
Series 2	Options	1,500,000	19-Nov-13	31-Dec-16	0.20	0.189
Series 3	Rights	3,950,000	19-Nov-13	31-Dec-17	-	0.255
Series 4	Rights	450,000	31-Jan-14	31-Dec-17	-	0.250
2015						
Series 5	Rights	333,333	31-Oct-14	31-Dec-14	-	0.314
Series 6	Rights	282,333	31-Oct-14	31-Dec-15	-	0.314
Series 7	Rights	416,000	31-Oct-14	31-Dec-16	-	0.314
Series 8	Rights	698,334	31-Oct-14	31-Dec-17	-	0.314
Series 9	Rights	450,000	31-Oct-14	30-Jun-16	-	0.314
Series 10	Rights	450,000	31-Oct-14	31-Dec-16	-	0.314
Series 11	Rights	1,233,333	30-Jan-15	30-Jun-15	-	0.186
Series 12	Rights	100,000	2-Jun-15	31-Dec-15	-	0.352
Series 13	Rights	700,000	2-Jun-15	30-Jun-16	-	0.352
Series 14	Rights	410,000	2-Jun-15	31-Dec-16	-	0.352
Series 15	Rights	1,340,000	2-Jun-15	31-Dec-17	-	0.352

(c) Weighted Average Remaining Contractual Life

At 30 June 2015, the weighted average remaining contractual life of Incentive Options and Performance Rights on issue that had been granted as share-based payments was 1.66 years (2014: 3.09 years).

(d) Range of Exercise Prices

At 30 June 2015, the range of exercise prices of Incentive Options on issue that had been granted as share-based payments was $0.20 to $0.30 (2014: $0.20 to $0.30).

23. SHARE-BASED PAYMENTS (Continued)

(e) Weighted Average Fair Value

The weighted average fair value of Incentive Options and Performance Rights granted as share-based payments by the Group during the year ended 30 June 2015 was $0.304 (2014: $0.177).

(f) Option and Performance Share Right Pricing Model

The fair value of Incentive Options granted is estimated as at the date of grant using the Binomial option valuation model taking into account the terms and conditions upon which the Incentive Options were granted. The fair value of Performance Rights granted is estimated as at the date of grant based on the underlying share price (being the seven day volume weighted average share price prior to issuance).

The table below lists the inputs to the valuation model used for share options and performance share rights granted by the Group during the last two years:

Inputs	Series 1	Series 2	Series 3	Series 4	Series 5
Exercise price	$0.30	$0.20	-	-	-
Grant date share price	$0.11	$0.255	$0.255	$0.25	$0.33
Dividend yield[1]	-	-	N/A	N/A	N/A
Volatility[2]	115%	115%	N/A	N/A	N/A
Risk-free interest rate	2.8%	3.02%	N/A	N/A	N/A
Grant date	2-Sept-13	19-Nov-13	19-Nov-13	31-Jan-14	31-Oct-14
Issue date	4-Sep-13	19-Nov-13	19-Nov-13	31-Jan-14	31-Oct-14
Expiry date	31-Dec-16	31-Dec-16	31-Dec-17	31-Dec-17	31-Dec-14
Expected life [3]	3.3 years	3.1 years	4.1 years	3.9 years	0.2 years
Fair value at grant date	$0.062	$0.189	$0.255	$0.25	$0.314

Inputs	Series 6	Series 7	Series 8	Series 9	Series 10
Exercise price	-	-	-	-	-
Grant date share price	$0.33	$0.33	$0.33	$0.33	$0.33
Dividend yield[1]	N/A	N/A	N/A	N/A	N/A
Volatility[2]	N/A	N/A	N/A	N/A	N/A
Risk-free interest rate	N/A	N/A	N/A	N/A	N/A
Grant date	31-Oct-14	31-Oct-14	31-Oct-14	31-Oct-14	31-Oct-14
Issue date	31-Oct-14	31-Oct-14	31-Oct-14	31-Oct-14	31-Oct-14
Expiry date	31-Dec-15	31-Dec-16	31-Dec-17	30-Jun-16	31-Dec-16
Expected life [3]	1.2 years	2.2 years	3.2 years	1.7 years	2.2 years
Fair value at grant date	$0.314	$0.314	$0.314	$0.314	$0.314

Inputs	Series 11	Series 12	Series 13	Series 14	Series 15
Exercise price	-	-	-	-	-
Grant date share price	$0.185	$0.355	$0.355	$0.355	$0.355
Dividend yield[1]	N/A	N/A	N/A	N/A	N/A
Volatility[2]	N/A	N/A	N/A	N/A	N/A
Risk-free interest rate	N/A	N/A	N/A	N/A	N/A
Grant date	30-Jan-15	2-Jun-15	2-Jun-15	2-Jun-15	2-Jun-15
Issue date	30-Jan-15	2-Jun-15	2-Jun-15	2-Jun-15	2-Jun-15
Expiry date	30-Jun-15	31-Dec-15	30-Jun-16	31-Dec-16	31-Dec-17
Expected life [3]	0.4 years	0.6 years	1.1 years	1.6 years	2.6 years
Fair value at grant date	$0.186	$0.352	$0.352	$0.352	$0.352

Notes:

[1] The dividend yield reflects the assumption that the current dividend payout will remain unchanged.

[2] The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

[3] The expected life of the options and rights is based on the expiry date of the options or rights.

24. AUDITORS' REMUNERATION

The auditor of Paringa Resources Limited is Deloitte Touche Tohmatsu.

	2015 $	2014 $
Amounts received or due and receivable by Deloitte Touche Tohmatsu for:		
• an audit or review of the financial report of the entity and any other entity in the consolidated group	**29,500**	29,000
• Other services	**-**	-
	29,500	29,000

25. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

(a) Reconciliation of Non-current Assets by geographical location

	Note	2015 $	2014 $
United States of America		**19,800,106**	15,735,578
Brazil		**-**	953
Australia		**-**	8,070
		19,800,106	15,744,601

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Overview

The Group's principal financial instruments comprise receivables, payables, security deposits, cash and short-term deposits. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, security deposits and trade and other receivables.

There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2015 $	2014 $
Cash and cash equivalents	**2,104,414**	4,511,985
Trade and other receivables	**19,688**	44,512
Other current financial assets	**6,532**	10,431
Other non-current financial assets	**148,906**	90,378
	2,279,540	4,657,306

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Where possible, the Group invests its cash and cash equivalents with banks that are rated the equivalent of investment grade and above. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant customers and accordingly does not have significant exposure to bad or doubtful debts.

Trade and other receivables comprise trade receivables, interest accrued and GST refunds due. Where possible the Consolidated Entity trades only with recognised, creditworthy third parties. It is the Group's policy that, where possible, customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. At 30 June 2015, none (2014: Nil) of the Group's receivables are past due.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2015 and 2014, the Group had sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
2015 **Group**					
Financial Assets					
Cash and cash equivalents	**2,104,414**	-	-	-	**2,104,414**
Trade and other receivables	**19,688**	-	-	-	**19,688**
Other financial assets	**6,532**	**148,906**	-	-	**155,438**
	2,130,636	**148,906**	-	-	**2,279,542**
Financial Liabilities					
Trade and other payables	**252,827**	**-**	**-**	**-**	**252,827**
Other financial liabilities	**-**	**1,306,336**	**1,290,529**		**2,596,865**
	252,827	**1,306,336**	**1,290,529**		**2,849,692**

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity Risk (Continued)

	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
2014 **Group**					
Financial Assets					
Cash and cash equivalents	4,511,985	-	-	-	4,511,985
Trade and other receivables	44,512	-	-	-	44,512
Other financial assets	431	10,000	-	-	10,431
	4,556,928	10,000	-	-	4,566,928
Financial Liabilities					
Trade and other payables	227,272	27,039	-	-	254,311
Other financial liabilities	-	1,011,727	-	-	1,011,727
	227,272	1,038,766	-	-	1,266,038

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2015 $	2014 $
Interest-bearing financial instruments		
Cash at bank and on hand	**168,017**	561,985
Deposits at Call	**1,936,397**	3,950,000
	2,104,414	4,511,985

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 2.33% (2014: 3.58%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of 1% (100 basis points) has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% (100 basis points) movement in interest rates at the reporting date would have increased/(decreased) Profit or Loss and Other Comprehensive Income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit or loss		Other Comprehensive Income	
	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
2015				
Group				
Cash and cash equivalents	**21,044**	**(21,044)**	**21,044**	**(21,044)**
2014				
Group				
Cash and cash equivalents	45,119	(45,119)	45,119	(45,119)

(e) Commodity Price Risk

The Group is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(f) Capital Management

The Group defines its Capital as total equity of the Group, being $19,079,937 for the year ended 30 June 2015 (2014: $19,018,138). The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while financing the development of its projects through primarily equity based financing. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares.

The Group is not subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year. During the next 12 months, the Group will continue to explore project financing opportunities, primarily consisting of additional issues of equity.

(g) Fair Value

At 30 June 2015 and 30 June 2014 the Group has no material financial assets and liabilities that are measured at fair value on a recurring basis.

All financial assets and financial liabilities of the Group at the reporting date are recorded at amounts approximating their carrying amount due to their short term nature. No financial instruments are subsequently carried at fair value.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(h) Foreign Currency Risk

As a result of activities overseas, the Group's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income can be affected by movements in exchange rates. The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.

The Group's exposure to foreign currency risk throughout the current and prior year primarily arose from controlled entities of the Company whose functional currency is the US Dollars ("**USD**"). Foreign currency risk arises on translation of the net assets of a controlled entity to Australian dollars. In the Group accounts, the foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve.

It is the Group's policy not to enter into any hedging or derivative transactions to manage foreign currency risk.

At the reporting date, the Group's exposure to financial instruments denominated in foreign currencies was:

2015	USD Currency ($AUD Equivalent)	BRL Currency ($AUD Equivalent)	Total ($AUD Equivalent)
Financial assets			
Cash and cash equivalents	**135,091**	**-**	**2,104,416**
Trade and other receivables	**6,532**	**-**	**26,220**
Other financial assets	**155,438**	**-**	**155,438**
Financial liabilities			
Trade and other payables	**(155,854)**	**-**	**(252,827)**
Other financial liabilities	**(2,596,865)**	**-**	**(2,596,865)**
Net exposure	**(2,455,658)**	**-**	**(563,618)**

2014	USD Currency ($AUD Equivalent)	BRL Currency ($AUD Equivalent)	Total ($AUD Equivalent)
Financial assets			
Cash and cash equivalents	134,708	38,741	4,511,985
Trade and other receivables	-	9,416	44,512
Other financial assets	90,378	-	90,378
Financial liabilities			
Trade and other payables	(106,494)	(5,778)	(253,330)
Other financial liabilities	(1,011,728)	-	(1,011,728)
Net exposure	(893,136)	42,379	3,381,817

Foreign exchange rate sensitivity

At the reporting date, had the Australian Dollar appreciated or depreciated against the USD, as illustrated in the table below, Profit or Loss and other Comprehensive Income would have been affected by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Other Comprehensive Income	
	10% Increase	10% Decrease	10% Increase	10% Decrease
2015				
Group				
AUD to USD	**1,423**	**(1,423)**	**618,673**	**(618,673)**
AUD to BRL	**-**	**-**	**-**	**-**
2014				
Group				
AUD to USD	2,821	(2,821)	471,318	(471,318)
AUD to BRL	4,238	(4,238)	4,333	(4,333)

27. CONTINGENT ASSETS AND LIABILITIES

(i) Contingent Assets

As at the date of this report, no contingent assets had been identified in relation to the 30 June 2015 financial year.

(ii) Contingent Liability

Buck Creek Coal Project Deferred Consideration

On 16 October 2013, the Group acquired Hartshorne which itself had acquired the Buck Creek Mining Complex on 28 March 2013. In accordance with the amended terms of Hartshorne's acquisition of the Buck Creek Mining Complex, a final vendor payment of US$12,000,000 is to be made by 28 March 2018 to complete the acquisition. As the further payment of US$12,000,000 is to be paid at the Group's option only if it elects to complete the acquisition, no provision for any liability has been recognised in these financial statements for this payment.

28. COMMITMENTS

Management have identified the following material commitments for the consolidated group as at 30 June 2015 and 30 June 2014:

	Note	Payable within 1 year $	Payable later than 1 year within 5 years $	Total $
2015				
Operating lease commitments		**122,172**	**129,362**	**251,534**
2014				
Operating lease commitments		-	-	-

(a) Operating lease commitments

Operating lease commitments include contracts for leased offices in the United States.

29. EVENTS SUBSEQUENT TO BALANCE DATE

(i) On 3 September 2015, the Company completed a placement of 15,000,000 shares at A$0.34 each and 7,500,000 free-attaching Unlisted Options to institutional and sophisticated investors in the United States, Australia and New Zealand to raise A$5,100,000 (before costs); and

(ii) On 6 August 2015, the Company's ordinary shares commenced trading in the United States on the OTCQX® Best Market under the symbol "PNGZF".

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2015, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2015, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2015, of the Consolidated Entity.

DIRECTORS' DECLARATION

PARINGA RESOURCES LIMITED

In accordance with a resolution of the Directors of Paringa Resources Limited:

1. In the opinion of the Directors:

   (a) the attached financial statements, notes and the additional disclosures included in the Directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

      (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and
      (ii) section 297 (gives a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated group); and

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

2. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1(b) to the financial statements.

3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

On behalf of the Board

DAVID GAY
President and CEO

23 September 2015

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 (0) 9365 7001
www.deloitte.com.au

Independent Auditor's Report to the members of Paringa Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Paringa Resources Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 23 to 63.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Paringa Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Paringa Resources Limited is in accordance with the *Corporations Act 2001*, including:

> (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
>
> (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 21 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Paringa Resources Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants
Perth, 23 September 2015

Forward Looking Statements

This report may include forward-looking statements. These forward-looking statements are based on Paringa's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Paringa, which could cause actual results to differ materially from such statements. Paringa makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.

Competent Persons Statements

The information in this report that relates to Exploration Results, Coal Resources, Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Paringa's ASX announcements dated 17 March 2015 entitled 'Paringa Delivers Exceptional Pre-Feasibility Study at the Buck Creek No.1 Mine' and 25 February 2015 entitled 'Substantial 54% Increase in Measured and Indicated Coal Resources to 211 Million Tons' which are available to view on the Company's website at www.paringaresources.com.au.

The information in the original ASX announcements that related to Exploration Results and Coal Resources is based on, and fairly represents, information compiled or reviewed by Mr. Kirt W. Suehs, a Competent Person who is a Member of The American Institute of Professional Geologists. Mr. Suehs is employed by Cardno. Mr. Suehs has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as a Qualified Person as defined in the 2011 Edition of the National Instrument 43-101 and Canadian Institute of Mining's Definition Standards on Mineral Reserves and Mineral Resources.

The information in the original ASX announcements that related to Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on, and fairly represents, information compiled or reviewed by Messrs. Justin S. Douthat and Gerard J. Enigk, both of whom are Competent Persons and are Registered Members of the Society for Mining, Metallurgy & Exploration. Messrs. Douthat and Enigk are employed by Cardno. Messrs. Douthat, and Enigk have sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as Qualified Persons as defined in the 2011 Edition of the National Instrument 43-101 and Canadian Institute of Mining's Definition Standards on Mineral Reserves and Mineral Resources.

Paringa confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcements; b) all material assumptions and technical parameters underpinning the Coal Resource, Coal Reserve, Production Target, and related forecast financial information derived from the Production Target included in the original ASX announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this presentation have not been materially modified from the original ASX announcements.