



PARINGA RESOURCES LIMITED

ABN 44 155 933 010

COMPANY PRESENTATION

July 2016



Potential scale of 5.6 million tons per annum of coal on initial capital costs of US\$39 million



Contracted sales to a tier 1 offtake party allowing for US\$10-15 per ton margins

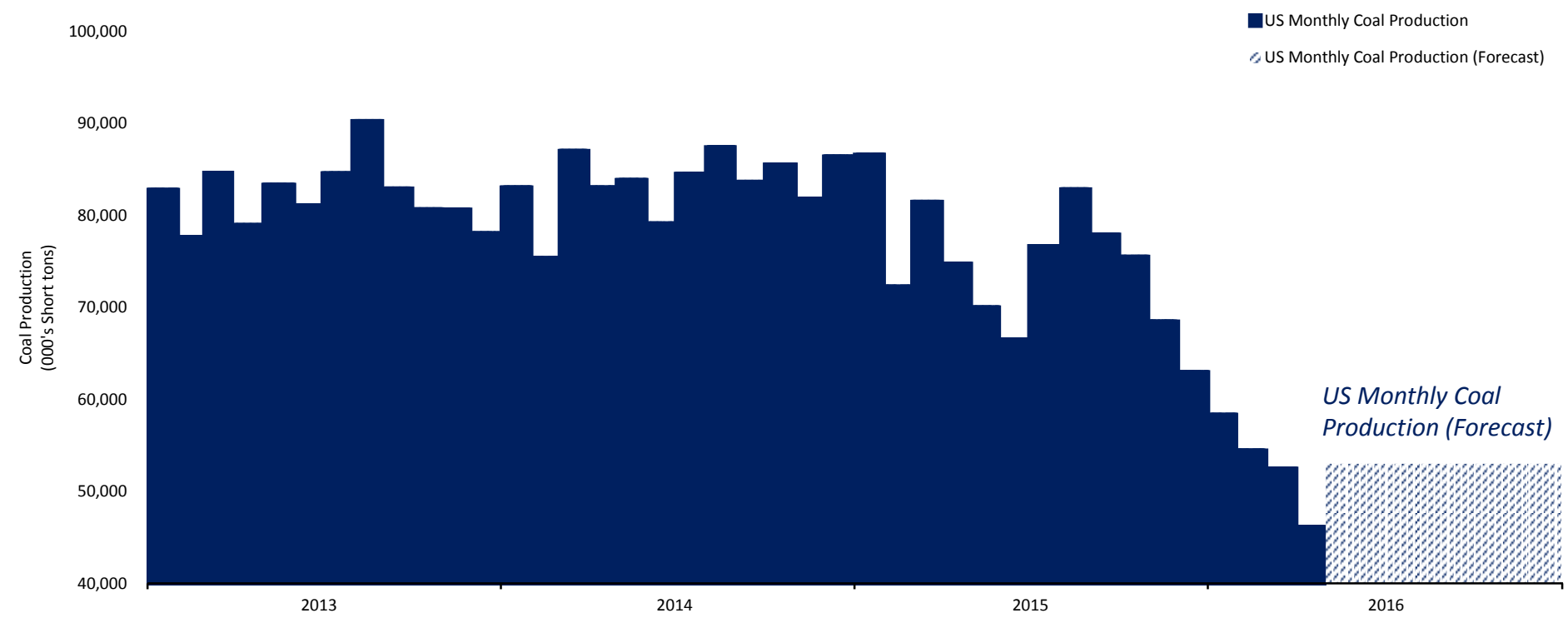


Fundamentals in the US Coal Market are improving including US Coal Company Valuations

Paringa is one of the best undeveloped coal resources globally with one of the lowest cost and highest margin undeveloped projects of any listed Company

Why is the market improving? We are witnessing an unprecedented supply side rationalisation...

US Monthly Coal Production History and Forecasts

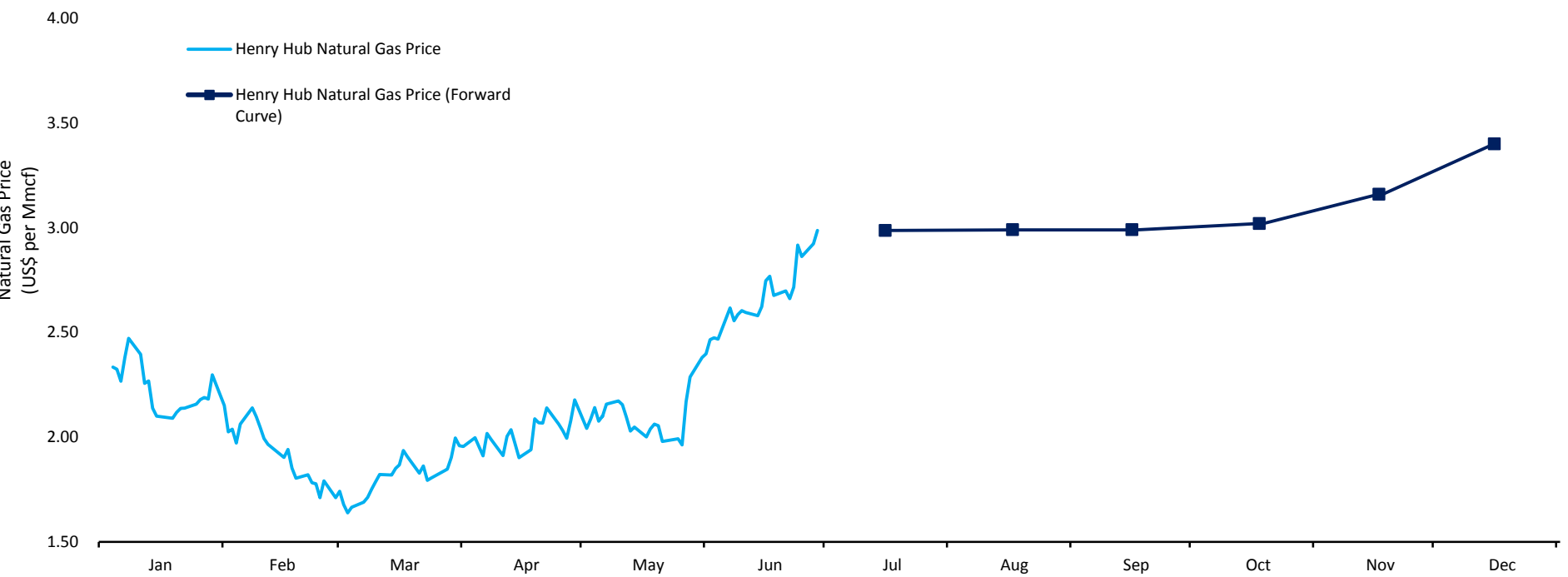


...US Coal Mine production is on-track to be under 640 Million tons in 2016, the lowest level in decades

Additionally, Natural Gas prices are rising, making coal fired power plants more competitive to produce electricity leading to higher coal demand...



Natural Gas Pricing and Forward Curve (Platts)



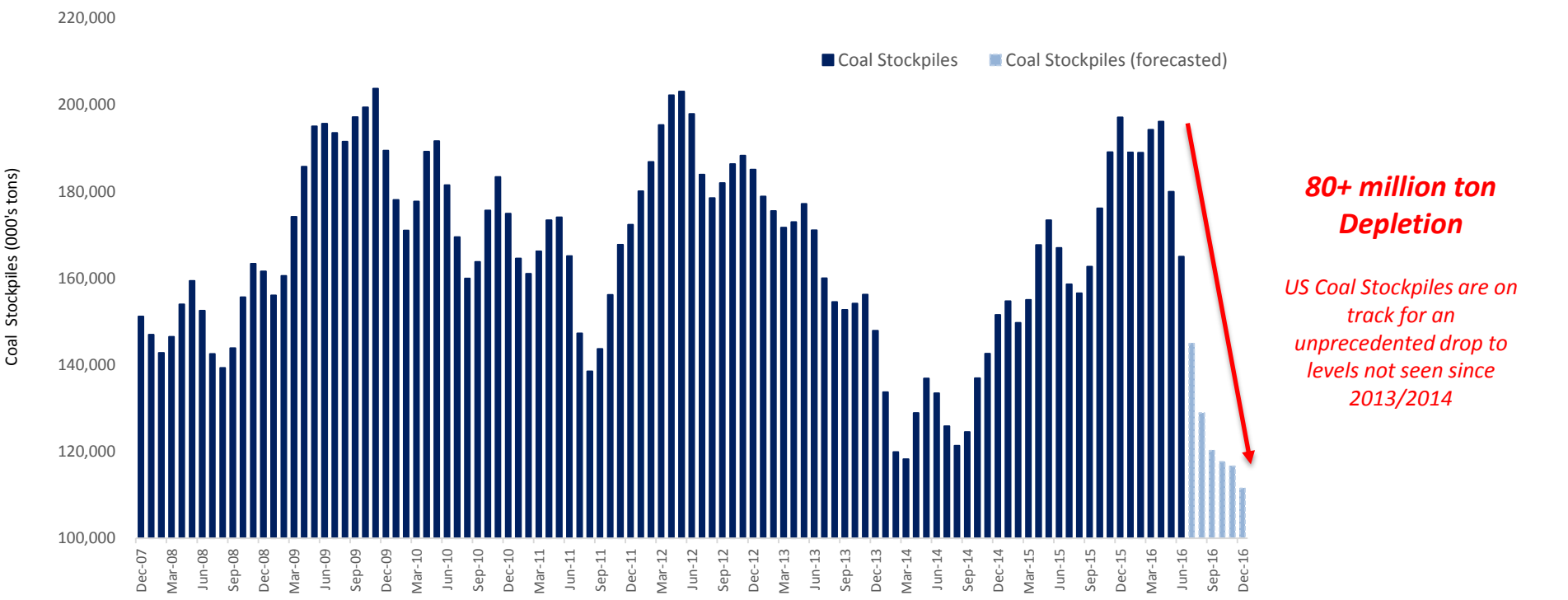
...US\$3 per mmcf natural gas prices make many of the Illinois Basin supplied power plants more competitive than gas and lead to increased coal demand specifically from Paringa's region

Notes:
(1) Source: EIA, Platts

Rationalising coal supply and increasing coal burn are resulting in the depletion of coal stockpiles to levels not seen since 2013/2014



US Monthly Utility Coal Stockpiles History and Forecasts



80+ million ton Depletion

US Coal Stockpiles are on track for an unprecedented drop to levels not seen since 2013/2014

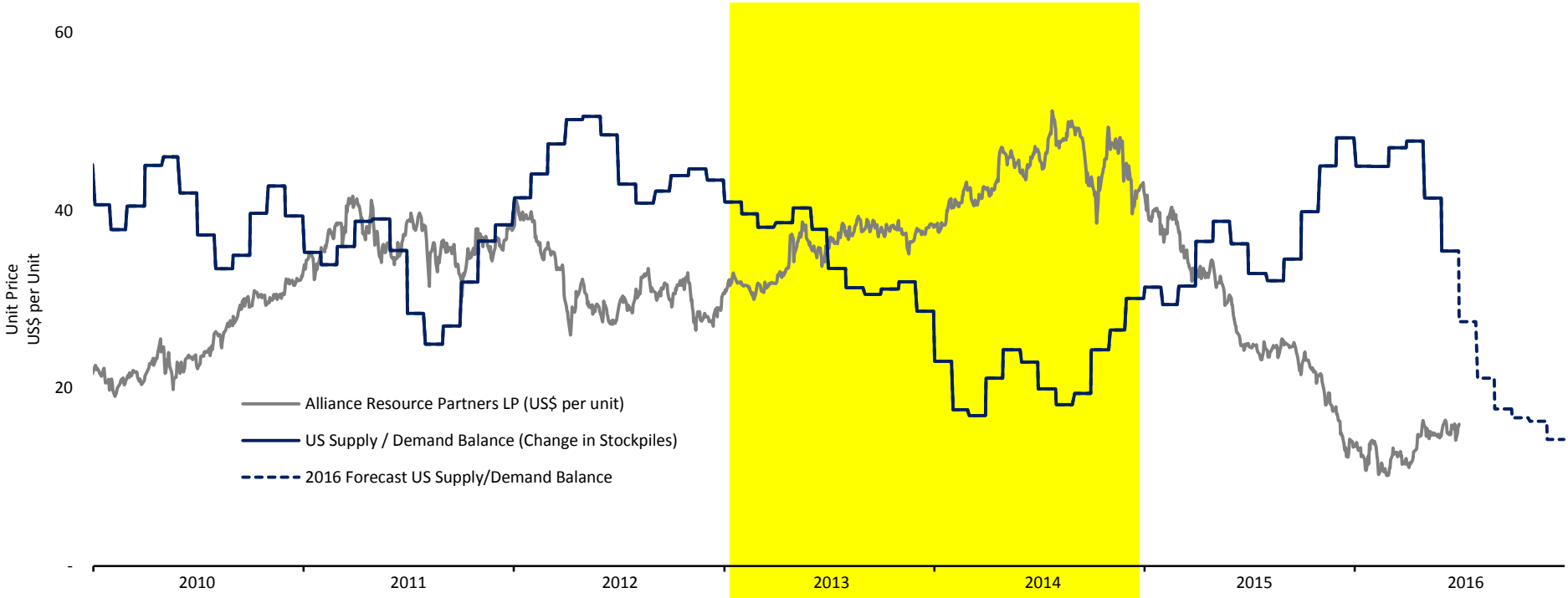
...And we have only just begun the US Summer Period which traditionally is a seasonal high point for US coal demand

Notes:
(1) Source: EIA, Platts, Goldman Sachs

Depleting US Coal Stockpiles have previously led to increased valuations of US thermal coal plays in the Illinois Coal Basin...



Coal Valuations and US Coal Stockpile Historical Correlation



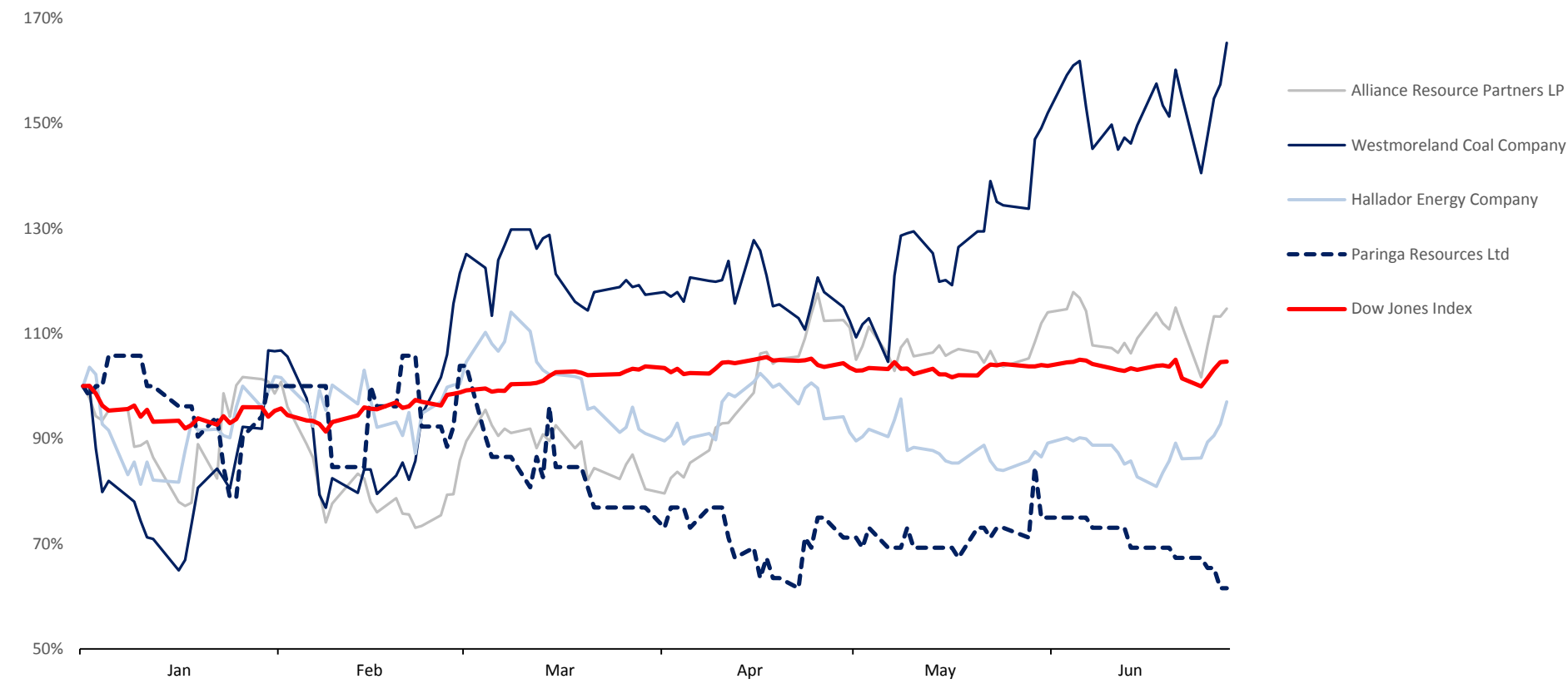
...Over 2013/2014 when stockpiles fell to historically low levels, Alliance Resource Partners valuation increased dramatically with a rise of over 90+% from trough to peak

Notes:
(1) Source: EIA, Platts, Goldman Sachs, Bloomberg

Paringa offers excellent exposure to these improving fundamentals with Valuations of other US Coal Companies already improving...



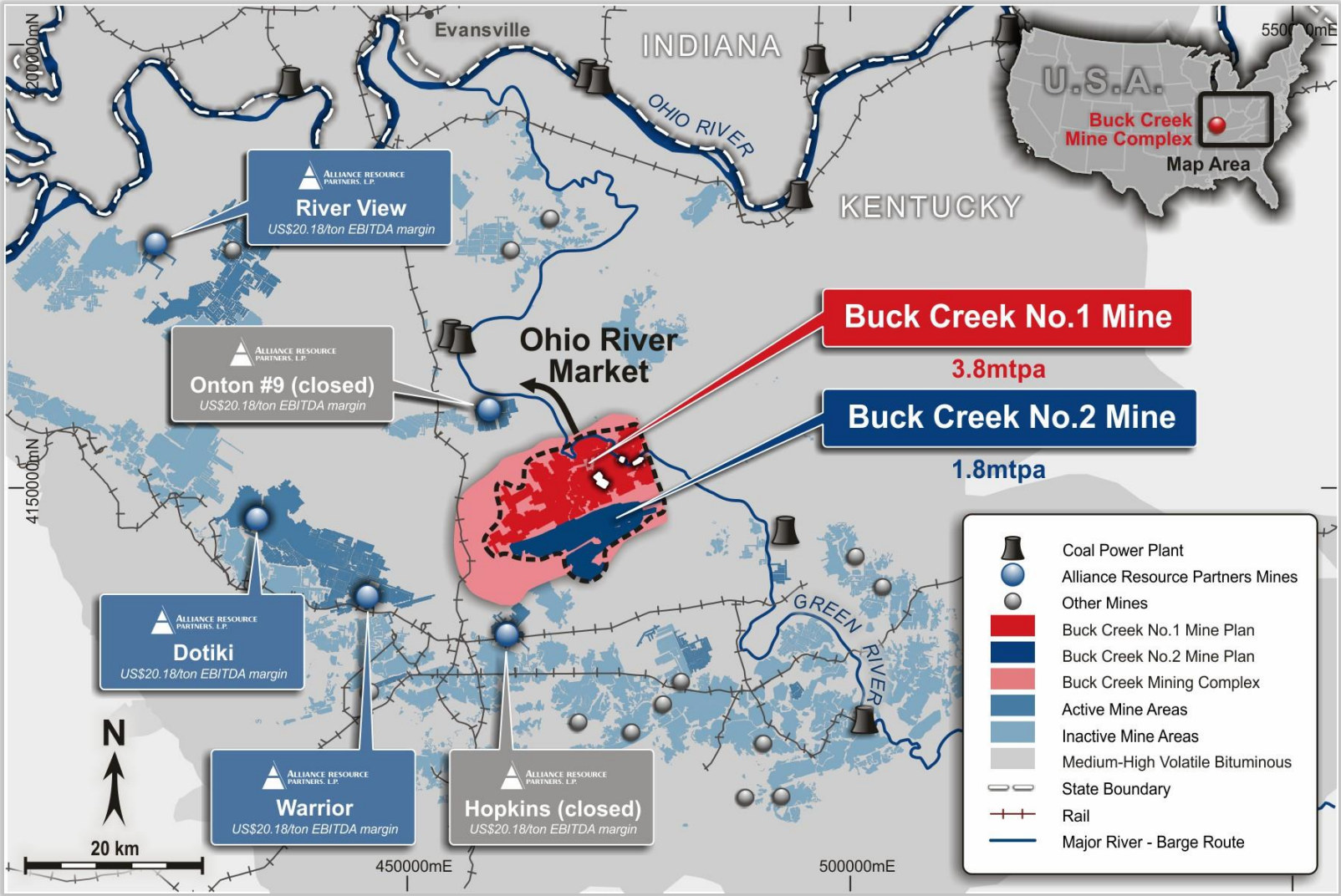
Share Prices of Key US Coal Companies v. Paringa over the last 6 months



US Coal Peers have begun outperforming the market over the last 2 months as stockpiles have begun depleting... Paringa is well position to begin on this trend

Paringa has one of the best undeveloped US coal projects surrounded by mines which continue to achieve US\$20 per ton / 39% EBITDA margins¹

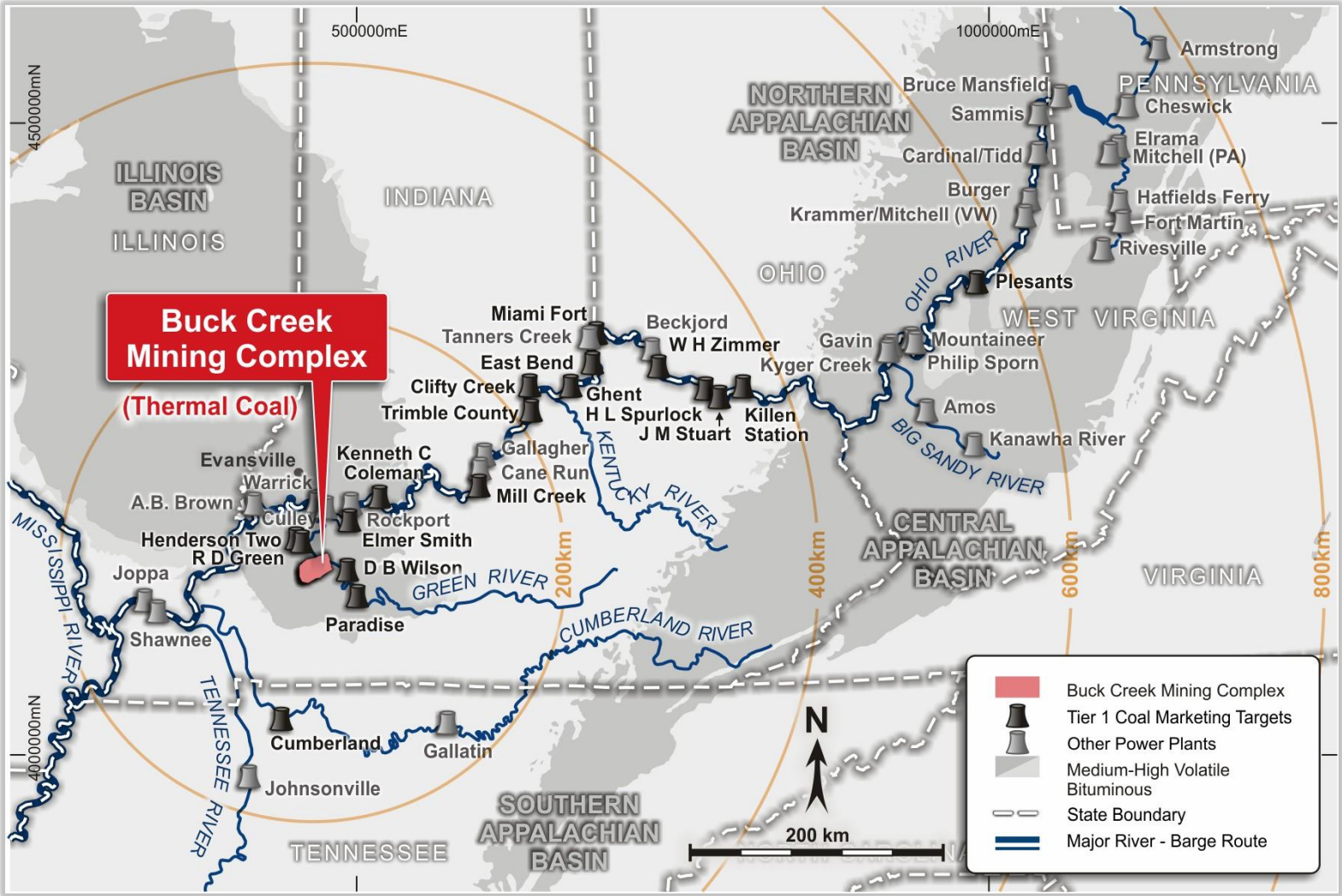
Buck Creek Mine Complex and surrounding Alliance operations



Notes:
(1) Source: Alliance Resource Partners LP website, 2016 Q1 Illinois Basin segment operating's results

Paringa will be supplying coal into one of the cheapest baseload energy markets in the US (i.e. Ohio River Market)

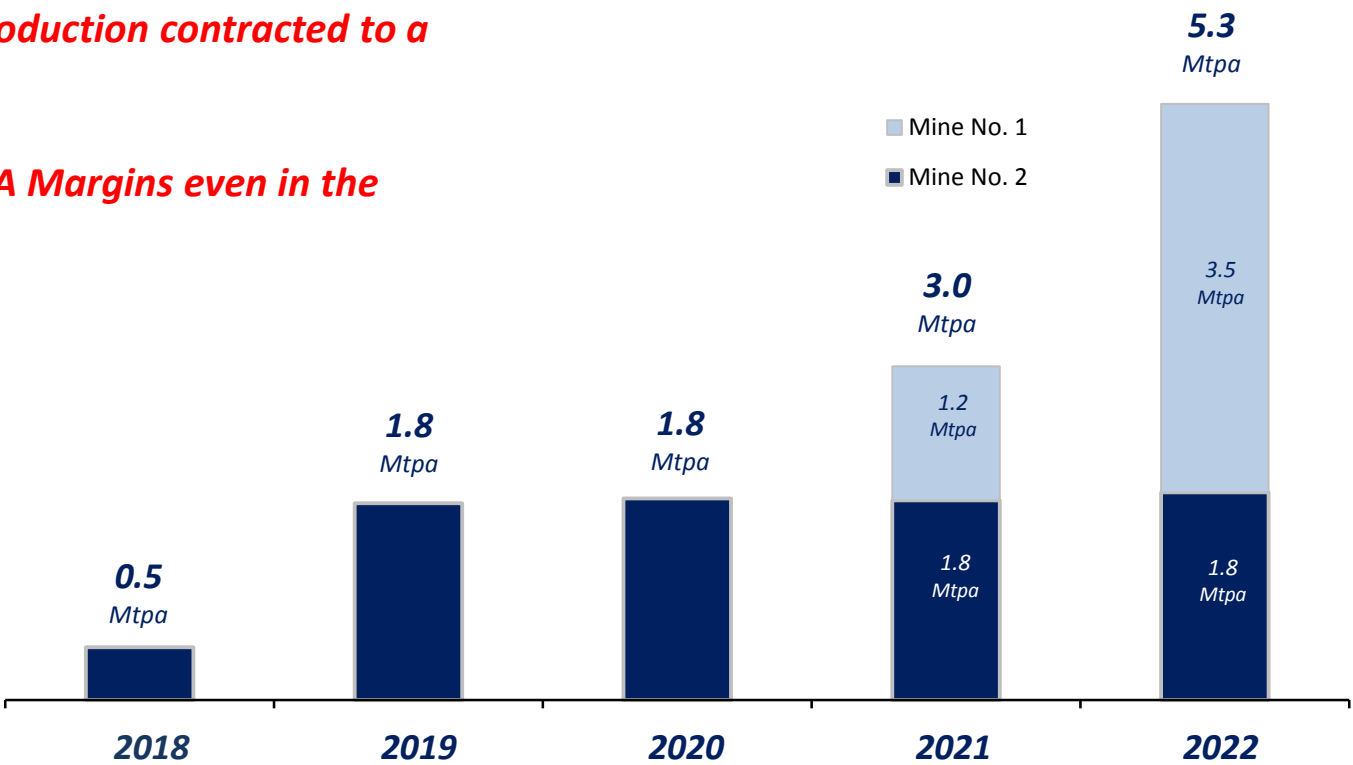
Buck Creek Mine Complex and Ohio River Market



Paringa’s strategy is to develop low cost operations in the Illinois Coal Basin and operate under long term contracts ...

60% of Mine No. 2 Annual Production contracted to a tier 1 customer

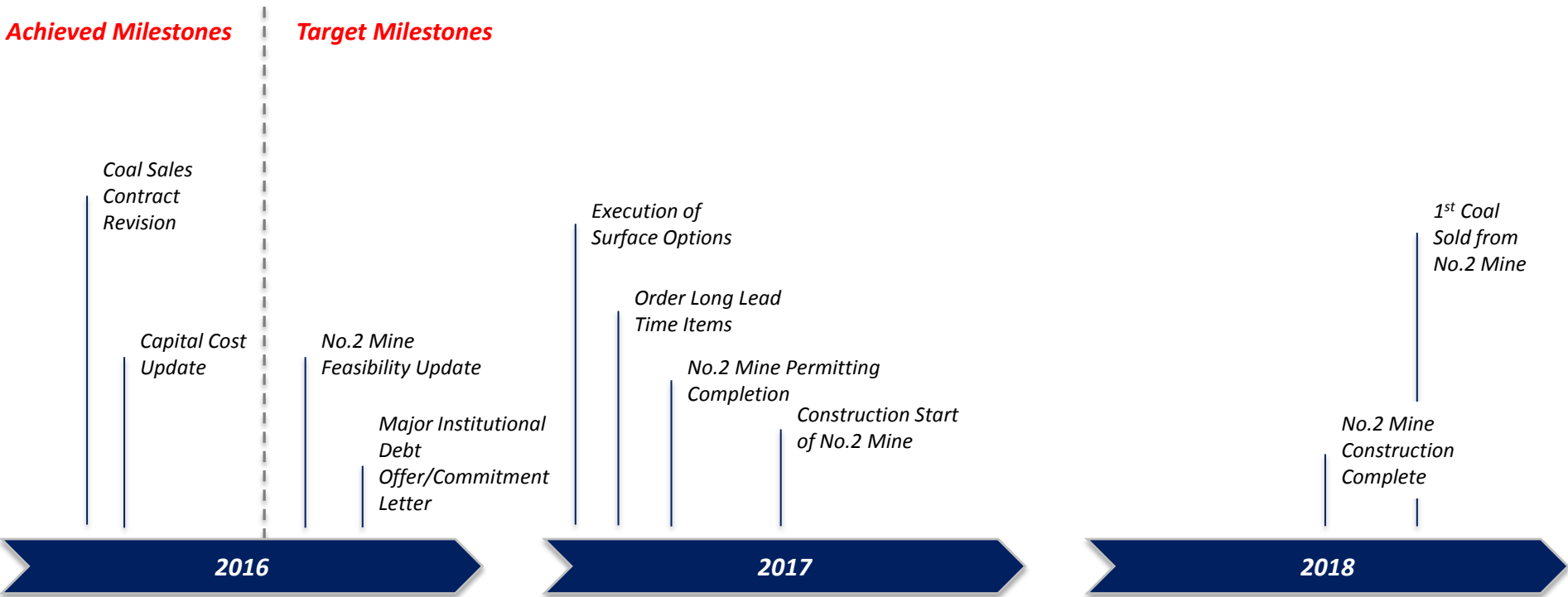
Contract implies ~30% EBITDA Margins even in the current market



LG&E and KU Contract					
Contracted Annual Production	500,000	1,000,000	1,000,000	1,000,000	1,000,000
% Contracted for Buck Creek #2 Mine Only	100%	56%	56%	56%	56%
% Contracted for Buck Creek Complex	100%	56%	56%	33%	19%

Notes:
 (1) Source: Paringa Resources Ltd ASX Announcement 15th February 2016

Paringa offers an early stage investment with a predictable path to cash flows and low-risk development

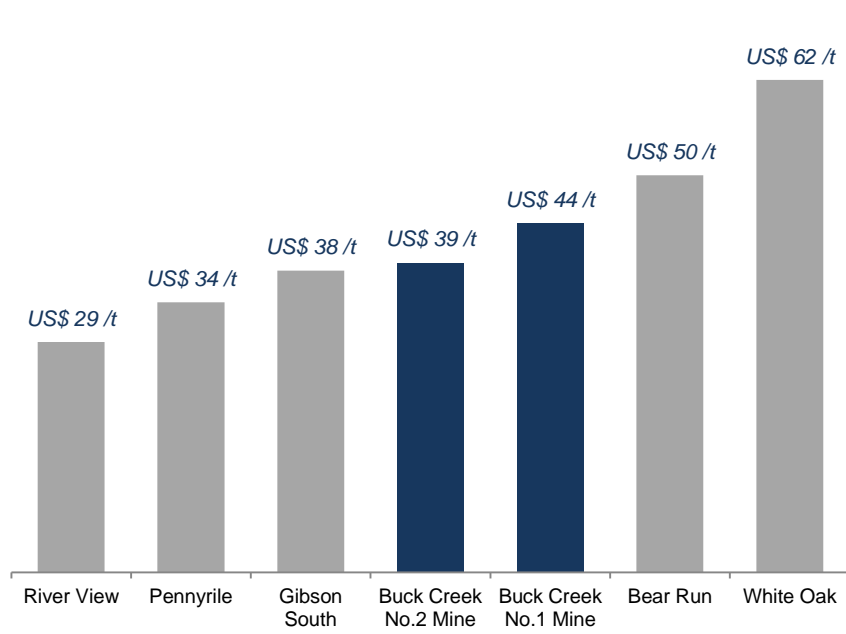


...achievable milestones with relatively low risk on completion of the construction timeline to achieve initial Mine No. 2 Cash Flows

...Paringa can execute on its business model with low initial capital and with a competitive position in the US coal market

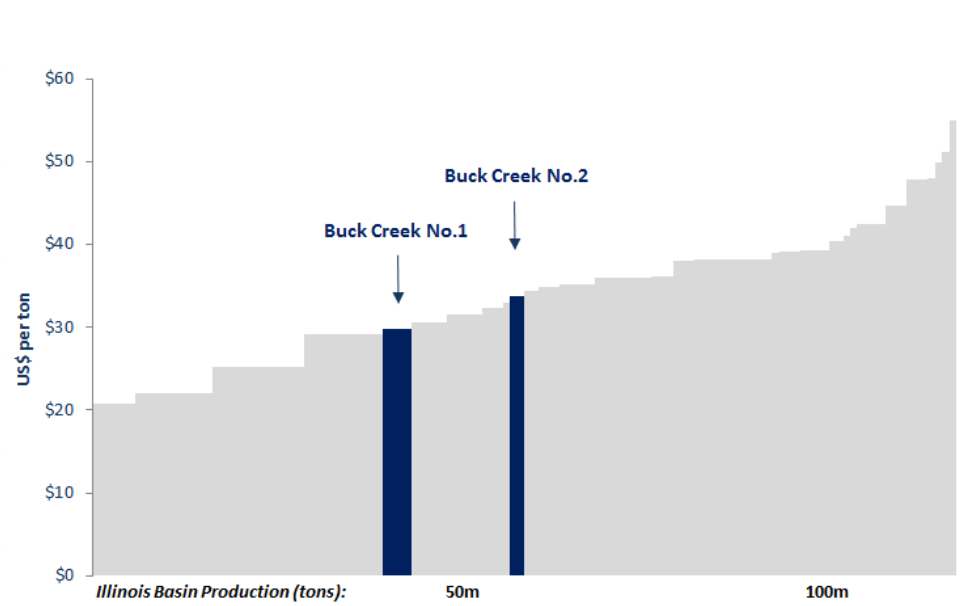


...Conservative Initial Capex of US\$39 million



*Capital Intensity of Illinois Basin New Mine Developments
(includes cost of leased equipment required to full production)*

...and relatively low opex of ~US\$31 per ton



Comparison of Illinois Basin Coal Operations Cash Costs

Notes:
 (1) Source: Company filings and Golder Associates, Inc.
 (2) Capital Intensity = Capex (US\$44m) + Leased Equipment (US\$29m) / Production (1.8 Mtpa)

Paringa's stable Ohio River Market underpins the business with potential to also supply into the South East Market...

Plants Accepting Illinois Basin Coal in Ohio and South East Markets



Ohio River Market

17 *Plants*

~55 *million tons (annual demand)*

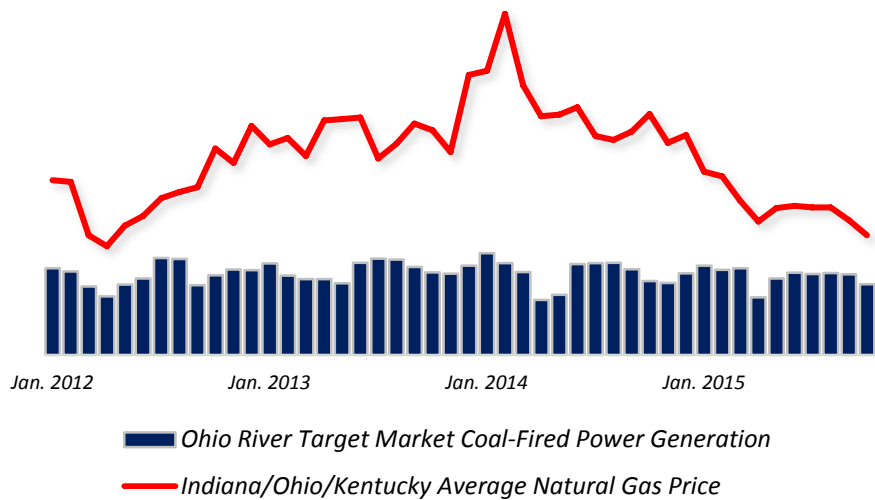
South East Market

23 *Plants*

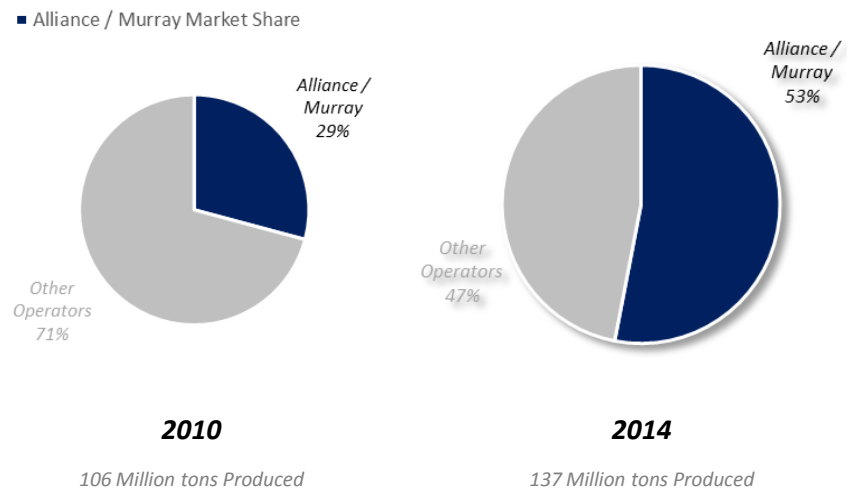
~77 *million tons (annual demand)*

....the Ohio River Market continues to act as a “base-load” energy source for the region with increasing consolidation

Regional Natural Gas prices vs Ohio River Market Power Production



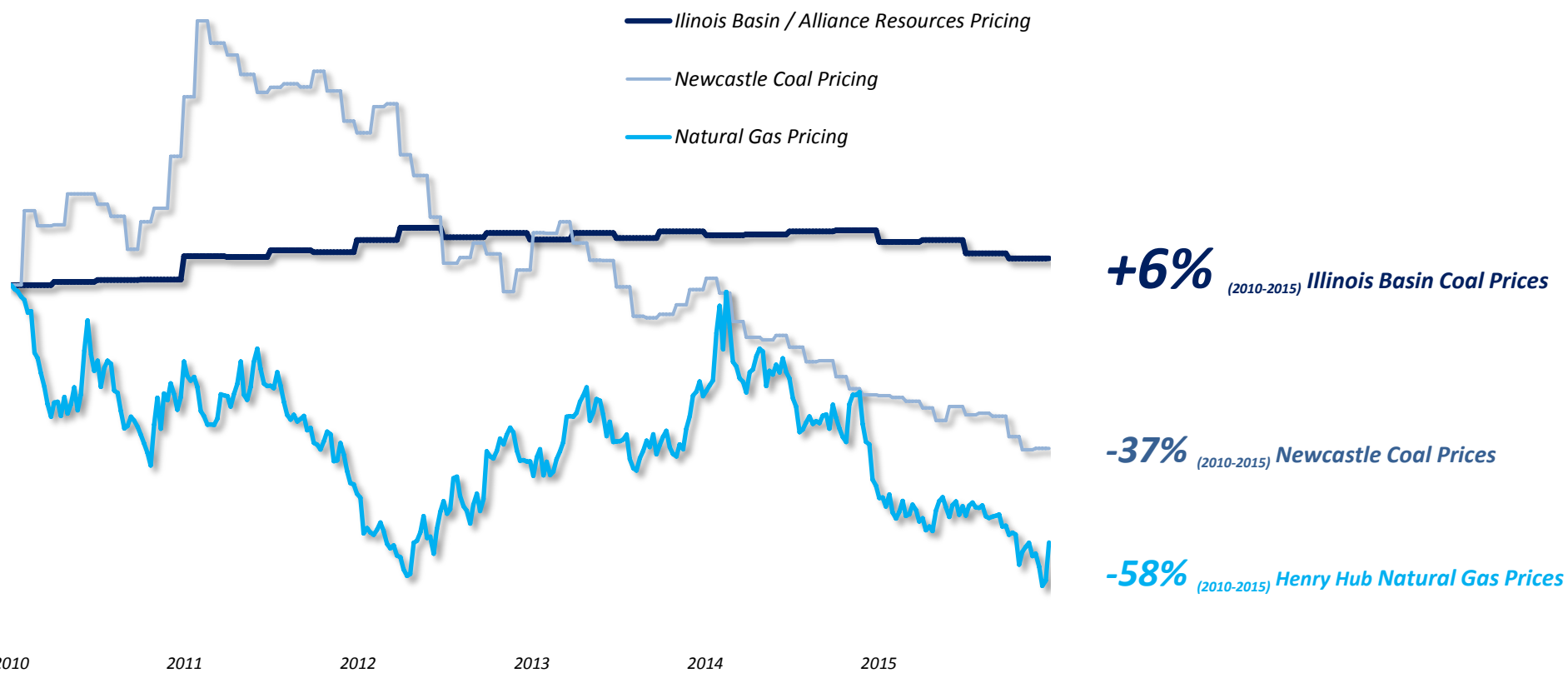
Ohio River Market: Increased Market Share of Alliance and Murray



...Providing for a very stable, long term customer base for Paringa who are increasingly searching for new independent sources of Illinois Basin coal

...This results in stable, long term sales contracts that underpin sustained profitability throughout the cycle

Illinois Basin (Alliance) Prices vs Prices of International Commodities



Notes:
(1) Source: Bloomberg

Paringa has an executive team with extensive coal mining experience in the Illinois Basin that can execute on the strategy...



<p>David Gay <i>President & CEO</i></p>	<ul style="list-style-type: none"> ■ Mining Engineer with over 30 years of experience in developing coal resources projects covering the entire coal development chain ■ Business Unit President at Pittston Coal Group (20 years experience) ■ Vice President Mergers and Acquisitions and Business Development at Alpha Natural Resources, one of the USA's largest coal producers
<p>Nathan Ainsworth <i>VP, Business Development</i></p>	<ul style="list-style-type: none"> ■ Over 15 years experience in Investment Banking, Investment Advisory and Accounting specialising in the resources industry across North America, Europe, Middle East and Asia ■ CFA Charterholder and member of Institute of Chartered Accountants
<p>Scott Cole <i>CFO</i></p>	<ul style="list-style-type: none"> ■ Financial Executive with over 25 years of experience in corporate finance and treasury ■ Significant management experience within the US energy sector ■ Previous Vice President and Treasurer of Alpha Natural Resources
<p>Matt Haaga <i>COO</i></p>	<ul style="list-style-type: none"> ■ Mining Engineer with over 35 years of experience in developing coal resources throughout the USA ■ Business Unit President and Vice President Engineering and Land at Peabody Energy (27 years experience), the world's largest private sector coal company
<p>Rick Kim <i>General Manager</i></p>	<ul style="list-style-type: none"> ■ Mining Engineer with over 13 years' experience working in the US coal industry managing continuous miner coal operations for Arch Coal and other major US coal producers ■ MBA from the University of Pittsburgh and Bachelor of Mining Engineering
<p>Jim Plaisted <i>VP of Coal Sales and Marketing</i></p>	<ul style="list-style-type: none"> ■ Former General Manager of Alliance Coal, LLC, subsidiary of Alliance Resource Partners, LP and was responsible for the marketing of coal from all seven of Alliance's Illinois Basin mining operations ■ Instrumental in building Alliance up to a 39Mtpa coal producer which included the development of four "greenfield" coal projects
<p>Ben Hadary <i>VP & General Counsel</i></p>	<ul style="list-style-type: none"> ■ Legal and Strategy executive with over 15 years of experience ■ Former Senior Vice President – Legal Affairs and Vice President – Strategy and Business Development, Alpha Natural Resources ■ Graduate of Stanford Law School and Stanford Business School

....and a high quality Board with mining experience covering the entire cycle, including development, financing & production

Ian Middlemas <i>Chairman</i>	<ul style="list-style-type: none"> ▪ Highly respected resource executive with extensive finance, commercial and capital markets experience ▪ Current Chairman of Prairie Mining Ltd, Equatorial Resources Limited , Berkeley Energy Limited & former Chairman of Mantra Resources Limited & Papillon Resources Ltd
David Gay <i>Managing Director</i>	<ul style="list-style-type: none"> ▪ Mining Engineer with over 30 years of experience in developing coal resources projects covering the entire coal development chain ▪ Business Unit President at Pittston Coal Group (20 years experience) ▪ Vice President Mergers and Acquisitions and Business Development at Alpha Natural Resources, one of the USA's largest coal producers
Todd Hannigan <i>Director</i>	<ul style="list-style-type: none"> ▪ Formerly the CEO of Aston Resources Ltd and was instrumental in developing the company into one of the largest publicly listed coal companies in Australia before merging with Whitehaven Resources Limited in a deal valued at over \$5 billion ▪ Graduate of the University of Queensland, holds a Bachelor of Engineering (Mining) with Honours, holds a Queensland first class mine manager's certificate and has a MBA from INSEAD
Tom Todd <i>Alternate Director</i>	<ul style="list-style-type: none"> ▪ Chief Financial Officer of Aston Resources from 2009 to November 2011 and prior to this role, 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 ▪ Graduate of Imperial College, Mr Todd holds a Bachelor of Physics with first class Honours.
Taso Arima <i>Executive Director</i>	<ul style="list-style-type: none"> ▪ Resource company executive with experience in development and funding of resource companies ▪ Founder & former Executive Director of Coalspur Mines Ltd having been instrumental in developing Coalspur from a A\$3 million market capitalisation to a A\$1.2 billion market capitalisation company upon his departure
Jonathan Hjelte <i>Director</i>	<ul style="list-style-type: none"> ▪ Mr Hjelte is a highly respected New York-based fund manager and has extensive experience in investment and portfolio management specializing in the mining, utilities, and energy sectors. Until recently, Mr Hjelte was with Millennium Management LLC, a global investment management firm with approximately US\$30 billion in assets under management. ▪ Mr Hjelte graduated Summa Cum Laude from Lehigh University where he received an M.S. in Statistics and a B.S. in the Integrated Business and Engineering honors program. He also holds the Chartered Financial Analyst (CFA) designation.
David Griffiths <i>Director</i>	<ul style="list-style-type: none"> ▪ 35 years resource industry experience with senior roles at WMC and Worsley Alumina, prior to establishing communications consultancy in Perth ▪ Co-founder and Non-Executive Director of Silver Lake Resources Limited

Paringa's (ASX: PNL, OTCQX: PNGZF) success in developing a world-class project presents an excellent entry point for investors...

Paringa Capital Structure

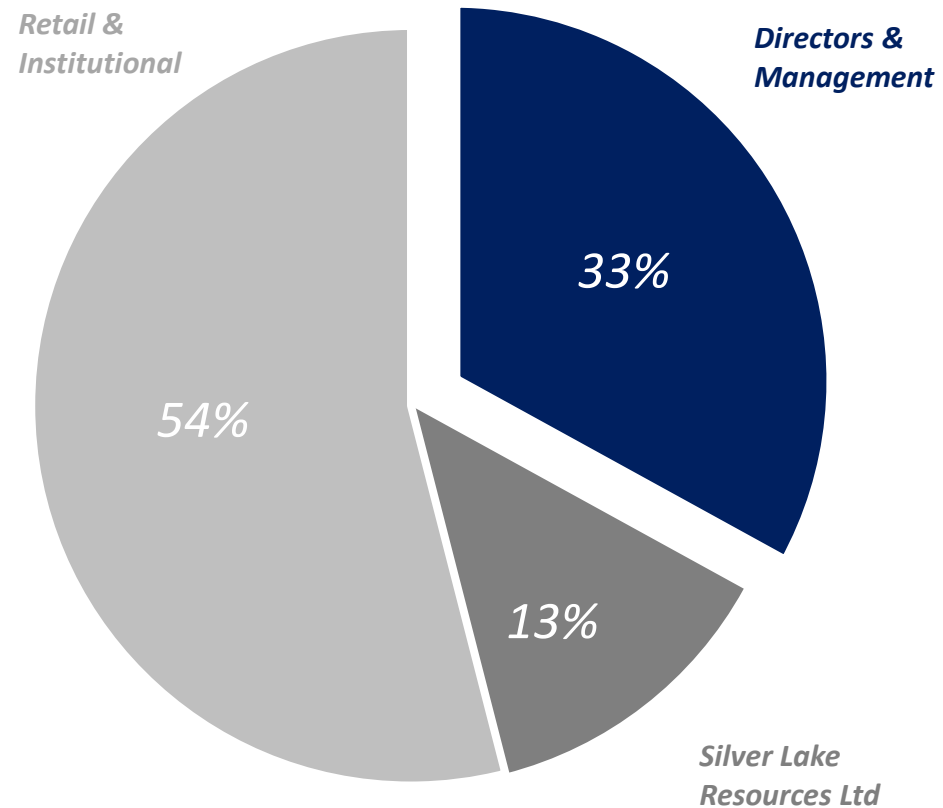
154 million shares¹

US\$22 million mkt cap / **A\$30** million mkt cap

No Debt

~1x EV / EBITDA (FY20 No.2 Mine)

Paringa Shareholder Mix



Cautionary Statements and Important Information

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

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

Competent Persons Statements

The information in this presentation that relates to the Exploration Results, Coal Resources, Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Paringa’s ASX announcements dated 2 December 2015 entitled “BFS Confirms Buck Creek No.1 to be a Low Capex, High Margin Coal Mine” which is 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 this report that relates 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.



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