PARINGA RESOURCES LIMITED

October 28, 2016

SEPTEMBER 2016 QUARTERLY REPORT

Paringa Resources Limited ("**Paringa**" or "**Company**") (**ASX:PNL**) is pleased to present its quarterly report for the period ending September 30, 2016, summarized as follows:

Poplar Grove Mine

- Discovered additional major contiguous coal seam (WK No.11) approximately 65 to 80 feet above Poplar Grove's WK No.9 seam as a result of a recent drilling program.
- Potential to access the WK No.11 seam from the planned underground mine operations for Poplar Grove's WK No.9 seam may significantly increase the capacity of the low-capex 1.8 Mtpa mine.
- Coal seam thickness of the WK No.11 seam averages 5.0 feet with clean coal quality characteristics similar to the Poplar Grove Mine's WK No.9 seam product.
- Exploration Target for the Poplar Grove WK No.11 seam estimated to be between 85 and 110 million tons with estimated heating content to range from 12,000 to 12,200 Btu/lb. The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in a Mineral Resource.
- Alliance's 9.1 Mtpa River View mine (40 miles northwest) also mines both the WK No.11 and No.9 coal seams and is the most productive underground room-and-pillar coal mine in the USA.
- Paringa will now undertake further drilling for the WK No.11 seam to complete the geological model and to assess the potential for a two coal seam operation at Poplar Grove.
- Completed all mine development technical work at the Poplar Grove Mine and secured all surface property rights needed for the construction of the Poplar Grove Mine and refuse area.

Corporate

- Appointed highly respected and experienced US coal executive, Mr. Rick McCormick, as Director of Paringa. Mr. McCormick was previously CEO of DRA Taggart (and Taggart Global).
- Completed placement of 38.2 million shares to institutional and sophisticated investors in Australia and the United States to raise gross proceeds of A$6.5 million.

Next Steps

- Undertake further drilling for the WK No.11 seam to complete the geological model and to assess the potential for a two coal seam operation at Poplar Grove Mine.
- Complete the Bankable Feasibility Study ("BFS") for the low capex Poplar Grove's WK No.9 seam over the coming weeks.
- Continue discussions with debt and equity financiers to deliver the optimal funding package for construction to begin at Poplar Grove Mine early-2017.

For further information contact:

David Gay
President & CEO

Nathan Ainsworth
VP, Business Development

BUCK CREEK MINE COMPLEX

The Buck Creek Complex is 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. Paringa controls approximately 38,000 gross acres of coal leases within an area of interest of approximately 72,000 acres.

The Buck Creek Complex is one of the few remaining contiguous high quality thermal coal projects within the ILB 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.

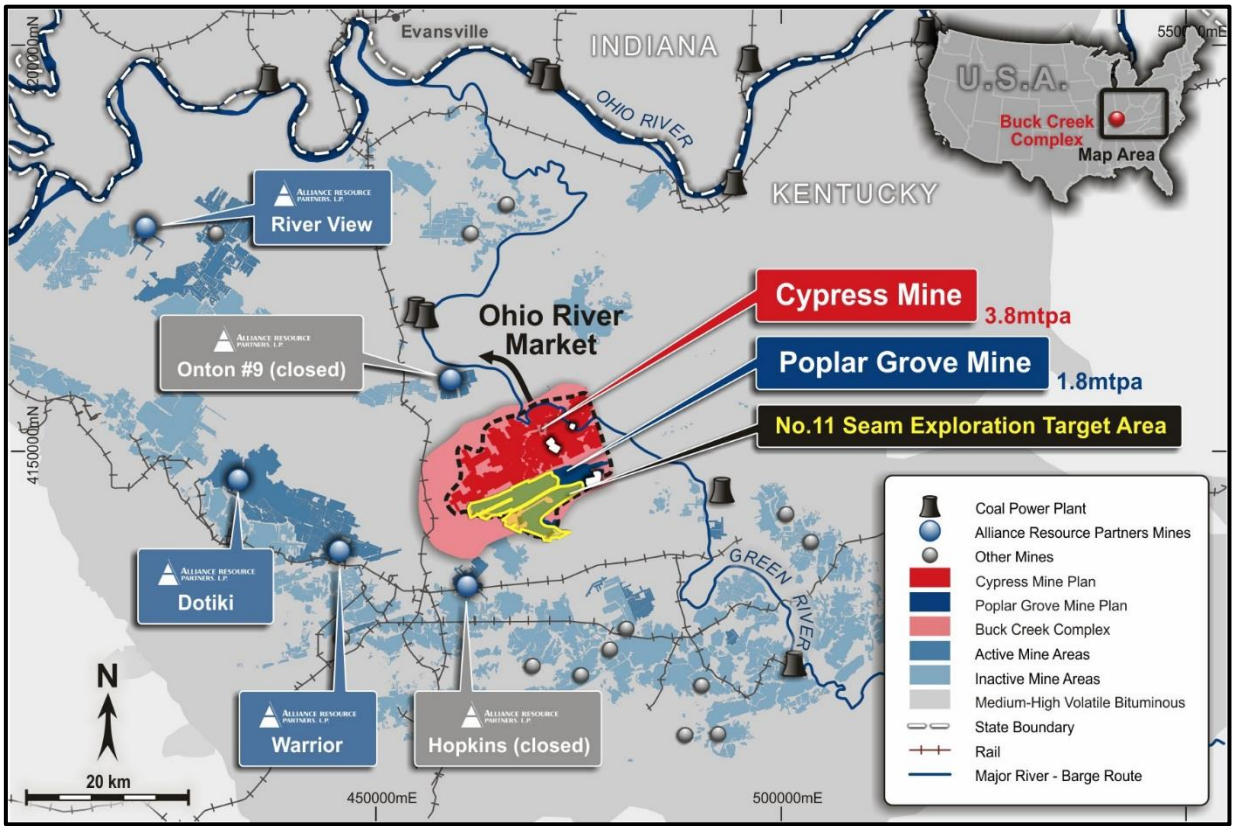

Figure 1: Buck Creek Complex and Alliance's Operations in Western Kentucky

Discovery of Additional Major Coal Seam at Poplar Grove Mine

During the quarter, the Company discovered the contiguous Western Kentucky No.11 ("WK No.11") coal seam within the Poplar Grove project area. This discovery is set to transform the economics of the Poplar Grove Mine and the Buck Creek Complex.

An Exploration Target for the Poplar Grove WK No.11 seam has been estimated to be between 85 and 110 million tons with in-situ quality estimated to range from 12,000 to 12,200 Btu/lb. The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Paringa's proposed 1.8 million ton per annum ("Mtpa") Poplar Grove Mine on the Western Kentucky No.9 ("WK No.9") coal seam is located immediately south of the Company's proposed 3.8 Mtpa Cypress Mine, both within the Buck Creek Complex.

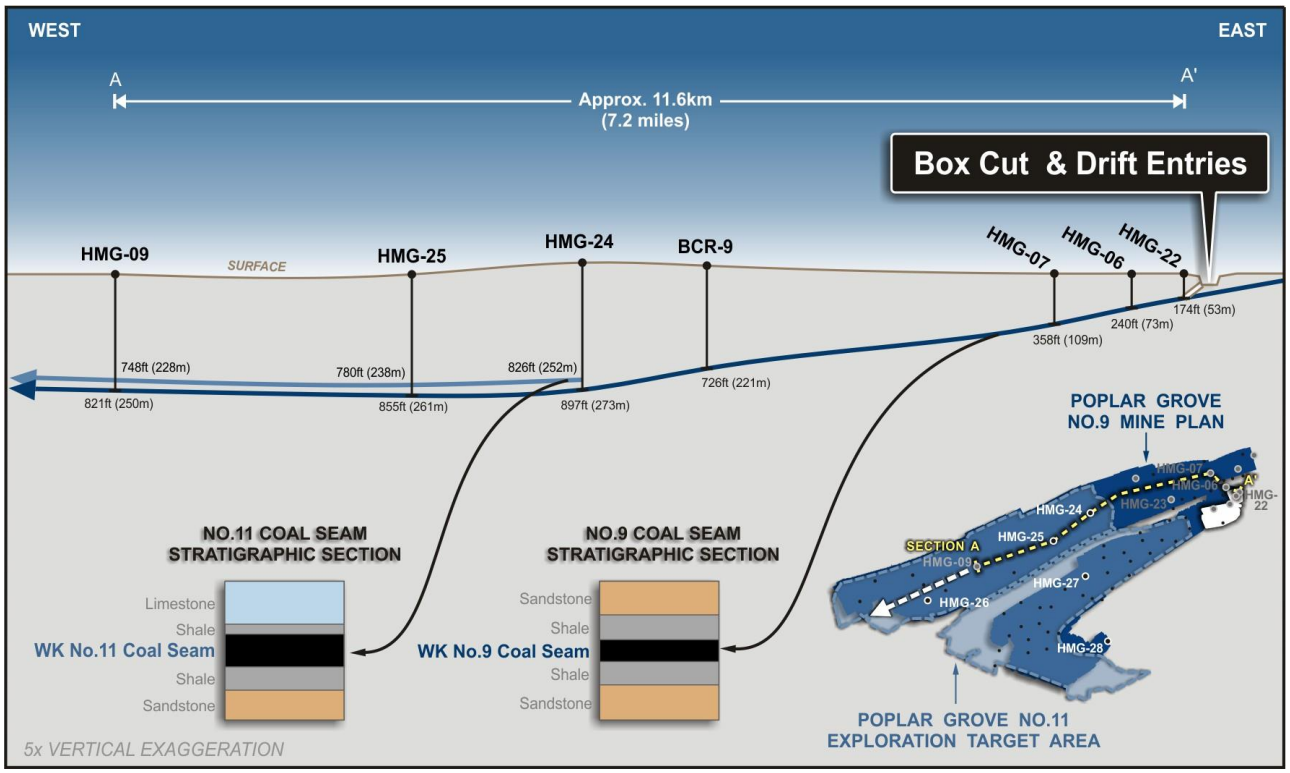

Figure 2: Poplar Grove Cross Section of the No.11 and No.9 Coal Seams and Box-Cut Mine Development

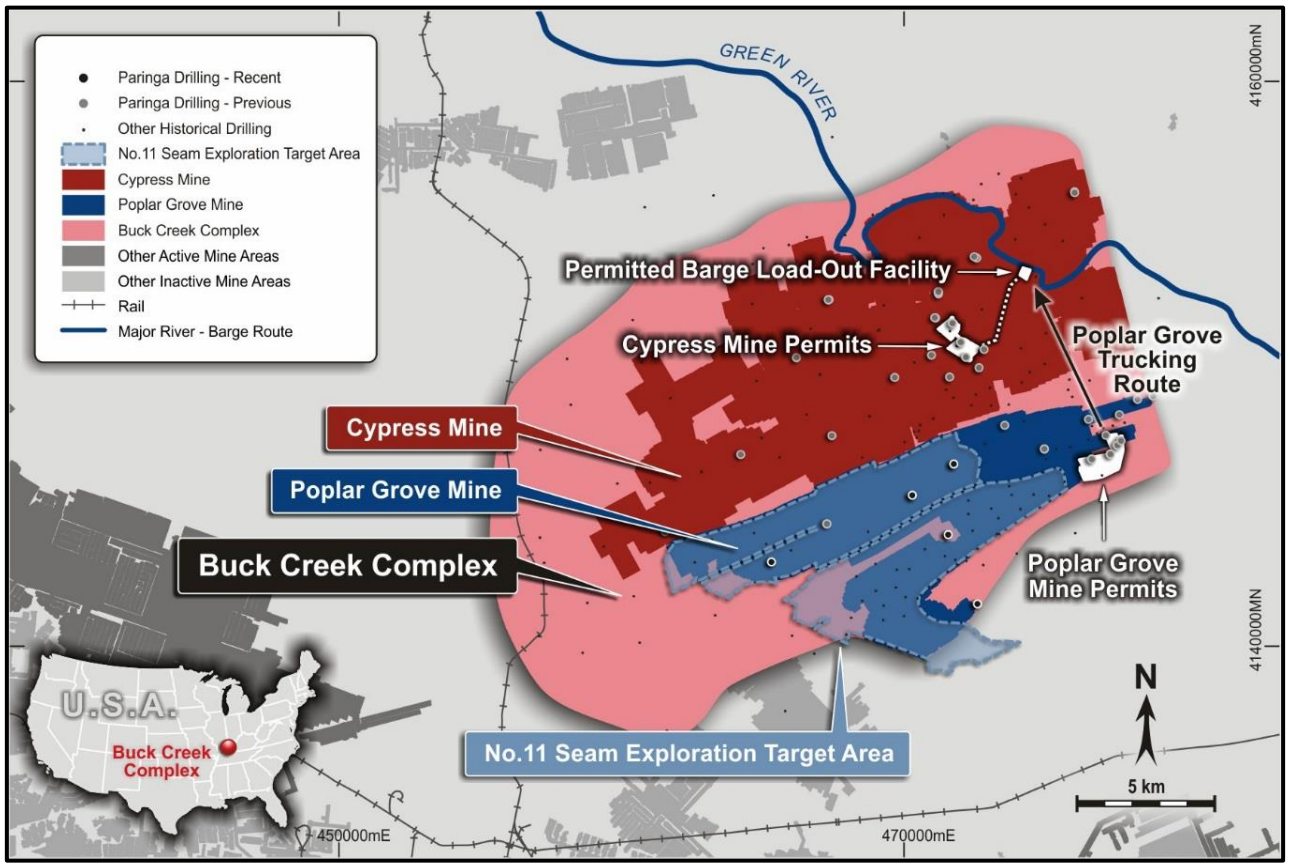

Figure 3: Buck Creek Complex including the Poplar Grove and Cypress Mine Plans and No.11 Exploration Target

Core drilling has intersected the WK No.11 seam approximately 65 to 80 feet above Poplar Grove's WK No.9 seam. Coal seam thickness recorded from recent and historical drill holes of the WK No.11 averages 5.0 feet with clean coal quality characteristics similar to the Poplar Grove Mine's WK No.9 seam.

The close proximity of the two coal seams allows Paringa to potentially access the WK No.11 seam from the planned WK No.9 seam mine works, which may significantly increase the capacity of the planned 1.8 Mtpa Poplar Grove Mine.

Alliance's 9.1 Mtpa River View operation, approximately 40 miles northwest from Poplar Grove, mines both the WK No.11 and No.9 coal seams and processes the Run of Mine ("ROM") coal through one coal processing facility as both seams have similar coal quality characteristics. The River View mine is the most productive underground room-and-pillar coal mine in the US.

Paringa will now undertake a drilling program for the WK No.11 seam to update the geological model and to assess the potential for a two-seam operation at Poplar Grove. The first stage of this additional drilling will commence during the fourth quarter of 2016.

Preliminary Drilling Results of Poplar Grove's No.11 Seam

Paringa conducted a 5-hole drilling program to add further coal quality data for Poplar Grove's WK No.9 coal seam, and, during this drilling, the WK No.11 seam was intersected approximately 65 feet (20 meters) to 80 feet (24 meters) above the WK No.9 coal seam.

The weighted average coal thickness of the WK No.11 seam recorded during this drilling campaign was 5.0 feet, which is conducive to high-productivity underground room-and-pillar mining.

Table 1: Coal Seam Thickness of WK No.11 Drill Holes at Poplar Grove

Hole	Distance from Surface (feet)	Distance from Surface (metres)	Seam Thickness (feet)
Recent Drilling Campaign			
HMG-24	821.4 feet	250.5 meters	**4.3 feet**
HMG-25	774.8	236.3	**4.9**
HMG-26	689.0	210.2	**5.05**
HMG-27	389.4	118.8	**5.05**
Historical WK No.11 Coal Seam Intercepts			
3	237.3	72.4	**5.0**
72326	724.5	221.0	**5.5**
111968	666.0	203.1	**5.5**
137119	729.5	222.5	**5.5**
BCR-1	678.2	206.9	**5.8**
BCR-10	736.9	224.8	**3.9**
BCR-2	830.4	253.3	**5.7**
BCR-3	743.2	226.7	**5.4**
HMG-09	795.5	242.6	**5.3**
Average of WK No.11 Coal Seam Thickness at Poplar Grove			**5.0**

Note: the location of HMG-28 drill hole was located outside the Exploration Target area and therefore did not intersect the WK No.11 seam.

Mining conditions in the WK No.11 coal seam appear to be excellent with the immediate roof consisting of a black shale horizon overlain by an extremely competent limestone. In general, the WK No.11 Seam is about one foot thicker than the WK No.9 coal seam in the Poplar Grove area.

Preliminary coal quality results from the 2016 drilling demonstrate 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, results for HMG-26 and HMG-27 show a high average heat content of 12,307 Btu/lb (6,842 kcal/kg) which compares very favourably with other producing mines in the Illinois Basin.

Table 2: Recent WK No.11 Seam Coal Quality Specifications at Poplar Grove (HMG-27)

Hole	Washed Core Quality (Equilibrium Moisture +4%)			
	Heating Content (Btu/lb)	Ash	Sulphur	EQ Moisture
HMG-26	**12,685**	**6.53%**	**3.30%**	**7.70%**
HMG-27	**11,929**	**8.33%**	**3.00%**	**10.10%**
Average	**12,307**	**7.43%**	**3.15%**	**8.90%**

Ash content of the WK No.11 Seam is expected to be similar to the WK No.9 Seam with slightly higher raw ash and slightly lower washed ash based on data received for HMG-26 and HMG-27. Analysis was conducted by SGS North America Inc., an ISO 9001 certified laboratory located in Henderson, Kentucky.

Summary of the drill hole and washed coal quality data is shown at Appendix 1 and 2.

Mine Design Finalized for Poplar Grove

During the quarter, the Company completed all engineering work related to the development of the Poplar Grove Mine. Poplar Grove Mine will mine the same WK No.9, utilize the same room-and-pillar mining methods and employ similar coal processing techniques as adjacent mines operated by Alliance, the most productive room and pillar miner and best performing publicly-traded U.S. coal company.

Coal Seam Access: Simple Box Cut Development

Due to the relatively shallow depth of the WK No.9 coal seam from the surface at the eastern edge of the proposed mining area, access to the proposed Poplar Grove Mine will be provided by a combination of a box cut and drifts for ventilation, transport of personnel, materials and ROM coal. 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.

The box cut will be a rectangular excavation from the surface approximately 80 feet (24 meters) in depth. The proposed floor of the box cut will be approximately 300 feet (91 meters) wide and 100 feet (30 meters) long to provide adequate room for pumping, ventilation, and materials handling equipment. The box cut design will include a drive-able ramp from the surface to the bottom of the box cut for vehicle access. This ramp will be constructed to include the conveyor belt from the portal to the raw coal stockpile. The remaining 160 feet (48 meters) of depth to the WK No.9 will be traversed by four decline drifts developed through the overburden rock. Total depth to the WK No.9 seam is approximately 240 feet (73 meters) at the location of the mine portal.

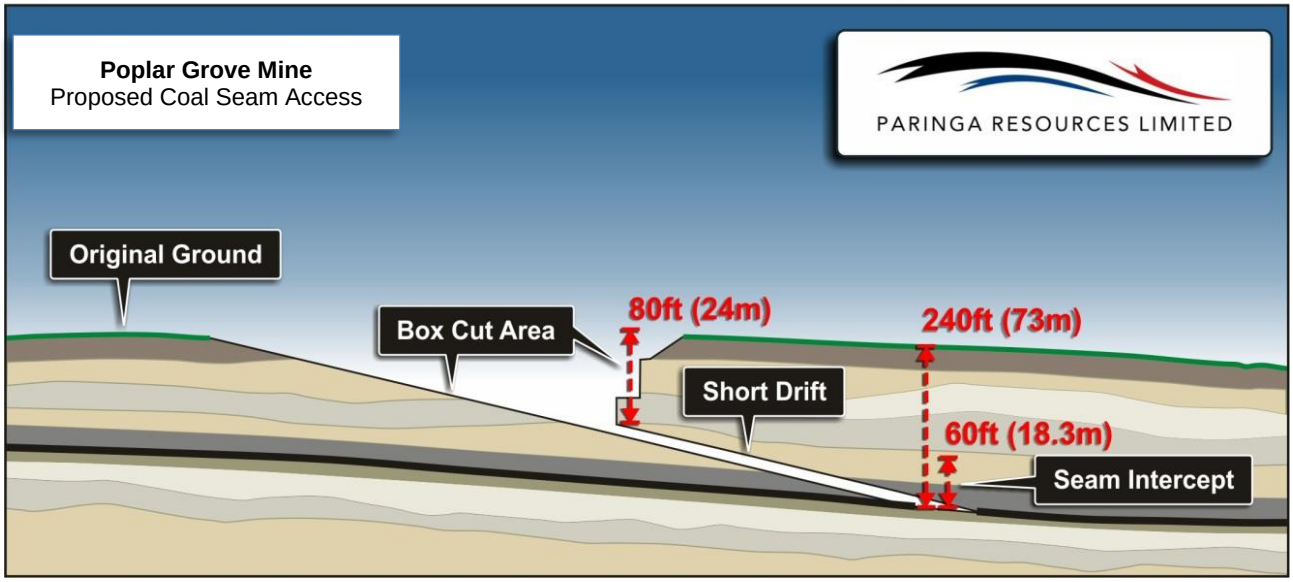

Figure 4: Proposed Coal Seam Access at Poplar Grove Mine

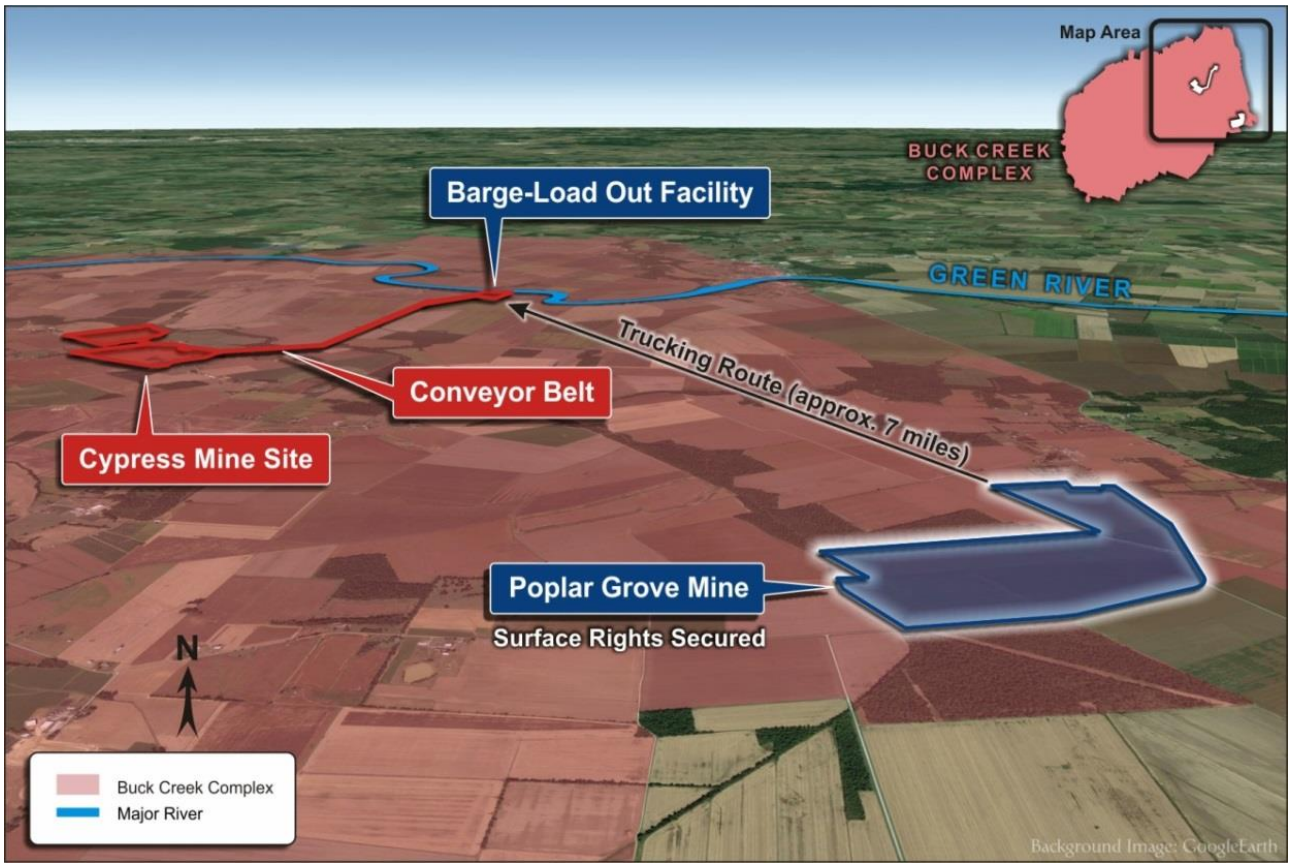

Figure 5: Location of the Poplar Grove and Cypress Mine Permits and Barge Load-Out Facility

Four (4) decline drifts will be constructed from the bottom of the box cut to the coal seam for an exhaust airway, conveyor gallery, travel way, and an intake airway. The drifts will be driven using continuous mining equipment at a decline of 8 degrees, and each will be approximately 1,150 feet (350 meters) in length. The roof in the declines will be supported with a combination of rock bolting systems and steel arches to provide life-of-mine support.

Simple Underground Mining Operations

Proposed production from the mine will come exclusively from room-and-pillar mining. Selection of the mining method is validated by examining adjacent operations which are some of the highest productivity room-and-pillar mines in the world. In addition, room-and-pillar mining with continuous miners has received all of the necessary approvals from regulatory agencies at nearby operations and is supported by well-established equipment models with a ready supply of repair and maintenance parts located within the immediate geographic region. No prototype equipment will be used in this Project.

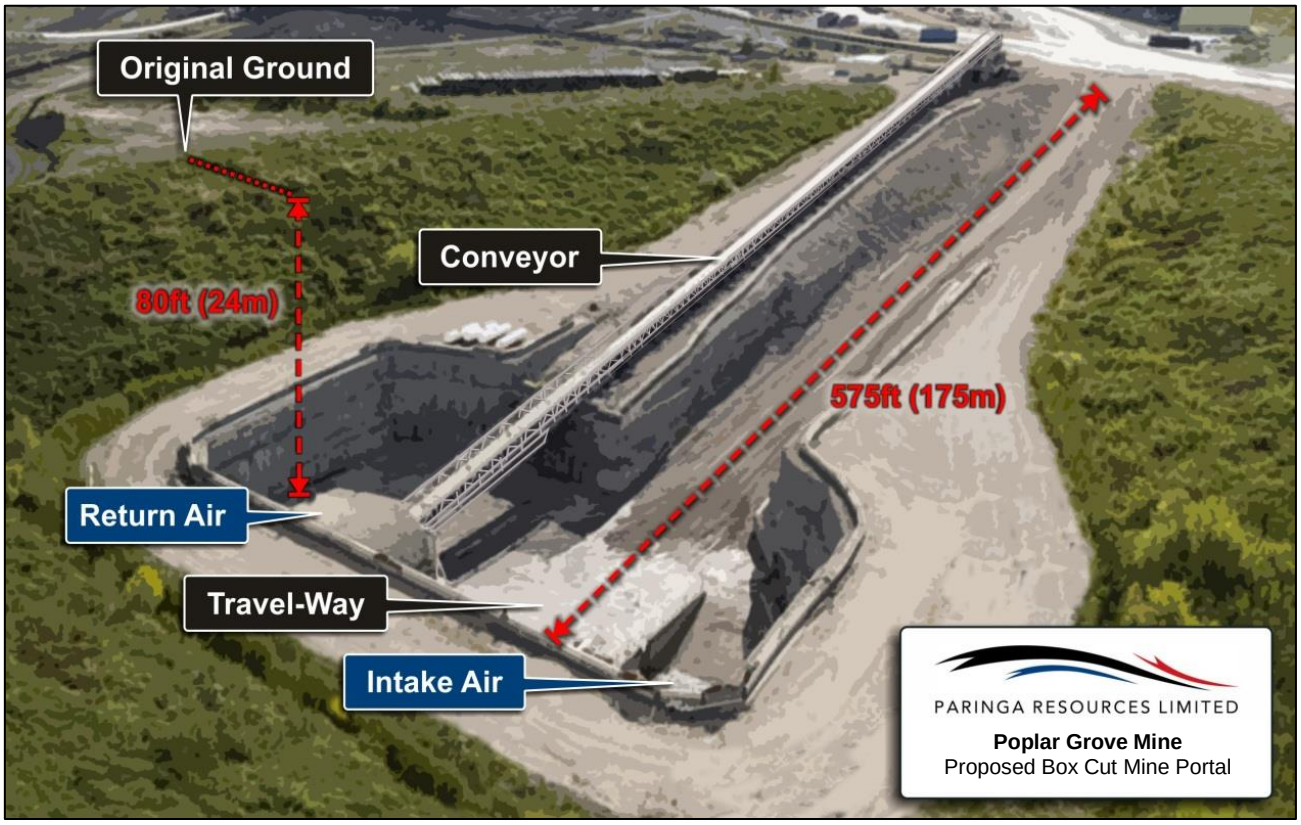

Figure 6: Top View of Proposed Box Cut and Four Drift Portals at the Poplar Grove Mine

Paringa's US-based executive staff has vast coal mining experience and, more specifically, operational experience in the WK No. 9 coal seam. The seasoned backgrounds of the leadership team will enable the successful development and execution of a sound business plan that incorporates management best-practices, engineering design, personnel selection and training, equipment selection, and a mine plan to maximize safe mine production and high productivity.

Mining Method

Production from the proposed Poplar Grove Mine will come from two continuous miner supersection units. Each supersection unit is equipped with two continuous miners and two roof-bolting machines for enhanced productivity.

In addition, each super-section will be equipped with a minimum of four battery haulers discharging onto a belt feeder/breaker, which provides surge capacity to reduce haulage dump times. Supersections will also include support equipment such as scoops for clean-up and supply, and supply cars for the storage and distribution of mine supplies.

Face ventilation will consist of split air where fresh intake air is directed through the central entries before it is split to ventilate the right and left sides of the section. After ventilating the roof bolters and continuous miners in the working faces, the return air will be routed through the exterior entries to exit the mine at the return portal or air shaft.

Coal Processing and Refuse Disposal

The ROM production for the Poplar Grove Mine will require processing (cleaning) in order to meet market specifications for coal quality. Paringa, along with a contractor who has over 30 years of experience designing and constructing processing plants in the Illinois Basin, developed a preparation plant flow sheet and blending rationale for the Cypress Mine that allows for a portion of the minus ½" ROM coal to bypass the preparation process and to be blended back with the processed (cleaned) coal to produce a higher yield product which meets customers' specifications. The amount of bypassed coal can be varied to produce a range of product qualities. This process design will be utilized at the Poplar Grove Mine in order to maximize yield and revenue.

The design capacity of the preparation plant will be a nominal 400 tons per hour. At full production, the plant will be scheduled for 250 processing days each year, which represents an average 5-day per week work schedule. The design capacity allows for adjustment to operating and maintenance schedules to efficiently meet annual processing requirements.

Coarse and intermediate refuse will exit the plant on a refuse collecting conveyor belt. The combined coarse and fine refuse will be placed in permitted refuse-disposal facilities adjacent to the preparation plant.

Mine Surface Rights Secured For Poplar Grove Mine

During the quarter, the Company secured 100% of the rights to acquire the surface property necessary to construct the Company's Poplar Grove Mine.

The surface rights secured by Paringa represent a total of 318 acres controlled by local landowners. The secured mine site property for Poplar Grove complements the previously secured and permitted Barge Load-Out Facility and the Cypress Mine Site.

Permitting for the Poplar Grove Mine is progressing as planned and remains on track for mine construction to begin early-2017 and production to begin early-2018.

In addition, significant reductions are also expected to the operating costs ("Opex") at the Poplar Grove Mine due to continued reductions in the costs of labor, materials, supplies, leased equipment, and fuels. The final Opex estimate will be incorporated into the BFS which will be completed over the coming weeks.

CORPORATE

Capital Raising

During the quarter, the Company successfully completed a placement of 38,200,000 shares at an issue price of A$0.17 per share to Institutional and sophisticated investors in Australia and the United States to raise gross proceeds of A$6,494,000.

Board Changes

During the quarter, the Company appointed highly respected and experienced US coal executive, Mr. Rick McCormick, as Director of Paringa. Mr. McCormick was previously CEO of DRA Taggart (and Taggart Global), global leaders in coal processing plants, having constructed processing capacity in excess of 250 million tons per annum since 2000, including in the Illinois Basin.

Also, Mr David Griffiths resigned as Non-Executive Director during the quarter.

EXPLORATION INTERESTS

Buck Creek Coal Leases

During the quarter, Paringa directly leased approximately 2,456 additional gross acres (994 ha) of coal from individual mineral owners at the Buck Creek Mining Complex.

At the end of the quarter, Paringa controlled approximately 38,370 gross acres (15,528 ha) of coal leases in Kentucky, United States, which comprise the Buck Creek Mining Complex. The area is controlled by Paringa through approximately 282 individual coal leases with private mineral owners.

Arkoma Coal Leases

At the end of the quarter, Paringa controlled approximately 14,000 gross acres (~5,600 ha) of coal leases in Arkansas, United States which comprise the Arkoma Project. The area is controlled by Paringa through approximately 400 individual coal leases with private mineral owners.

Forward Looking Statements

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

Competent Persons Statements

The information in this report that relates to Exploration Results, Exploration Targets, Coal Resources, Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Paringa's ASX announcements dated December 2, 2015 entitled 'BFS Confirms Buck Creek will be a Low Capex, High Margin Coal Mine', February 15, 2016 entitled 'Buck Creek Transforms to a Staged Low Capex Development', and October 17, 2016 entitled 'Discovery of Additional Major Coal Seam at Poplar Grove Mine' which are available to view on the Company's website at www.paringaresources.com.au.

The information in the original ASX announcements that related to Exploration Results, Exploration Targets, 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 Exploration target, Coal Resource, Coal Reserve, Production Target, and related forecast financial information derived from the Production Target included in the original ASX announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this presentation have not been materially modified from the original ASX announcements.

APPENDIX 1 – SUMMARY OF DRILL HOLES (WK No.9 and No.11)

Project	Drill Hole	Seam Intercept	Easting	Northing	Surface Elevation (ft.)	Seam Base Elevation (ft.)	Depth to Top of Seam (ft.)	Seam Thickness (ft.)	Total Drill Hole Depth (ft.)	Quality Data?
Buck Creek	3	WK#11	1544848.68	393045	375	132.68	237.33	4.99	328.98	No
Buck Creek	72326	WK#11	1525556.96	405776.25	382	-348	724.5	5.5	3050	No
Buck Creek	111968	WK#11	1520044.86	404197.0399	388	-283.5	666	5.5	3020	No
Buck Creek	137119	WK#11	1519353.98	402407.68	395	-340	729.5	5.5	1500	No
Buck Creek	BCR-1	WK#11	1514364.8	404506.5	398.22	-285.78	678.2	5.8	770	No
Buck Creek	BCR-10	WK#11	1534500	408000	345	-395.79	736.94	3.85	847	No
Buck Creek	BCR-2	WK#11	1516379.4	407141.9	446.66	-389.44	830.4	5.7	930	No
Buck Creek	BCR-3	WK#11	1522686.4	406550.3	381.91	-366.69	743.2	5.4	840	No
Buck Creek	BCR-6	WK#11	1521289.4	407833.4	404.4	-396.45	795.55	5.3	900	No
Buck Creek	HMG-14-09-SC	WK#11	1529689.24	408857.99	379.59	-368.31	744.8	3.1	829.9	No
Buck Creek	HMG-16-24-SC	WK#11	1544405.10	415535.36	457.55	-368.15	821.40	4.30	910.70	No
Buck Creek	HMG-16-24-SC	WK#9	1544405.10	415535.36	457.55	-439.67	893.76	3.46	910.70	Yes
Buck Creek	HMG-16-25-SC	WK#11	1539645.61	412055.22	378.92	-400.78	774.80	4.90	866.80	No
Buck Creek	HMG-16-25-SC	WK#9	1539645.61	412055.22	37892	-476.26	851.74	3.44	866.80	Yes
Buck Creek	HMG-16-26-SC	WK#11	1523146.5	404599.68	388.86	-305.19	689.0	5.05	775.60	Yes
Buck Creek	HMG-16-26-SC	WK#9	1523146.50	404599.68	388.86	-386.77	771.30	4.33	775.60	Yes
Buck Creek	HMG-16-27-SC	WK#11	1543685.53	407508.49	417.93	23.48	389.40	5.05	486.80	Yes
Buck Creek	HMG-16-27-SC	WK#9	1543685.53	407508.49	417.93	-59.21	473.24	3.90	486.80	Yes
Buck Creek	HMG-16-28-SC	WK#9	1546748.77	398891.02	380.17	130.07	246.60	3.50	260.60	Yes

APPENDIX 2 – SUMMARY OF WASHED COAL QUALITY DATA (EQ + 4%)

Project	Drill Hole	Seam Intercept	Heating Content (Btu/lb)	Ash	Sulphur	EQ Moisture + 4%
Buck Creek	HMG-16-24-SC	WK#9	12,005	10.18%	2.92%	8.60%
Buck Creek	HMG-16-25-SC	WK#9	12,384	8.57%	3.09%	7.90%
Buck Creek	HMG-16-26-SC	WK#9	12,040	8.92%	3.13%	9.80%
Buck Creek	HMG-16-27-SC	WK#9	12,062	8.43%	2.93%	9.40%
Buck Creek	HMG-16-28-SC	WK#9	12,155	8.75%	2.71%	8.90%
		Average	**12,129**	**8.97%**	**2.95%**	**8.92%**
Buck Creek	HMG-16-26-SC	WK#11	12,685	6.53%	3.30%	7.70%
Buck Creek	HMG-16-27-SC	WK#11	11,929	8.33%	3.00%	10.10%
		Average	**12,307**	**7.43%**	**3.15%**	**8.90%**

APPENDIX 2 – JORC TABLE 1 CHECKLIST OF ASSESSMENT AND REPORTING CRITERIA

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	> *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* > *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* > *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	> In 2009 Buck Creek Resources (BCRs) began a drilling program that continued through 2011. This program consisted of continuous core drilling, air rotary spot core drilling, and air rotary drilling without coal core collection. Within the Exploration Target 5 WK11 seam of the air rotary intercepts from this exploration cycle were used. > Paringa Resources (PNL) completed numerous drilling programs between 2013 and 2016. These programs consisted of continuous core drilling, air rotary spot core drilling, and air rotary drilling without coal core collection. Within the Exploration Target the WK11 seam is defined by 5 holes consisting of both air rotary and spot core methods were utilized. Paringa also recorded 5 additional spot core #9 seam intercepts in 3Q16. > Historical oil and gas well drilling using the air rotary method and having logs of sufficient resolution were utilized for 3 of the WK11 seam intercepts within the Exploration Target > One historical spot core drilling record of the WK11 seam within the Exploration Target was used.
Drilling techniques	> *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	> BCR and PNL utilized spot core drilling consisting of 5.5-inch diameter holes followed by 3-inch diameter conventional core samples of the roof, seam, and floor. > The drill size used to record the oil and gas well logs and retrieve the historical core are not known.
Drill sample recovery	> *Method of recording and assessing core and chip sample recoveries and results assessed.* > *Measures taken to maximise sample recovery and ensure representative nature of the samples.* > *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	> PNL core recoveries were monitored and were generally good at greater than 95%. > Coal core samples used for quality analysis contained greater than 95% recovery. > All PNL core recovery thickness was reconciled with the thickness interpreted from geophysical logs. > No core was recovered by BCR or through oil and gas drilling. > The core recovery of the historical spot core is not known.
Logging	> *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* > *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* > *The total length and percentage of the relevant intersections logged.*	> PNL and BCR drill holes were geologically logged by the driller and an independent geologist. > All PNL and BCR holes were geophysically logged using a downhole density and gamma logging tool. > All oil and gas well holes were geophysically logged using a downhole gamma and resistivity logging tool. > The historical spot core was logged by the driller. > All lithological logs were correlated with the geophysical logs and seam thickness and elevation adjusted where appropriate and available. > In all cases the entirety of the relevant intersections were logged.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	> *If core, whether cut or sawn and whether quarter, half or all core taken.* > *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* > *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* > *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* > *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* > *Whether sample sizes are appropriate to the grain size of the material being sampled.*	> Core was not divided for sampling
Quality of assay data and laboratory tests	> *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* > *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* > *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	> Quality sample analysis was carried out by SGS North America Inc. and performed to American Society for Testing and Materials (ASTM) standards. > Analyses were performed on an as-received, air dry and washed basis. > Geophysical tools used on BCR and PNL holes were calibrated by the logging company (Cardno GLS) and where possible, validated using a calibration hole. > The calibration procedures of the logging tools used on the oil and gas holes is unknown, however all logs were prepared by reputable independent service companies.
Verification of sampling and assaying	> *The verification of significant intersections by either independent or alternative company personnel.* > *The use of twinned holes.* > *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* > *Discuss any adjustment to assay data.*	> All coal intersection data used within the Exploration Target has been cross referenced with the lithological and geophysical logs by Cardno. > Coal quality was adjusted to reflect an addition of 4% moisture to the equilibrium moisture > Coal quality laboratory results were reviewed and verified were by the independent 3rd party competent person.
Location of data points	> *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* > *Specification of the grid system used.* > *Quality and adequacy of topographic control.*	> Coordinates for the drill hole locations are in the Kentucky South, State Plane system, North American Datum 1927. > All collar elevations are in US survey feet. > All oil and gas, BCR, and pre 2016 PNL holes were surveyed by a licensed professional surveyor. > All hole locations from the 2016 program were surveyed to sub 5 cm accuracy by a Registered Professional Surveyor. > The historical spot core is located by Carter coordinate land grid system
Data spacing and distribution	> *Data spacing for reporting of Exploration Results.* > *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* > *Whether sample compositing has been applied.*	> Data spacing across the Exploration Target is random, but does not exceed 7,000 feet on average between holes. > No mineral resource or reserve is being reported in this press release. > No sample compositing was applied.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	> *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* > *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	> Drill holes have been vertically drilled. No downhole deviation logs have been collected and it is therefore not know if the drill holes have deviated away from vertical. Based on an average depth of 650 feet, any deviation is expected to be insignificant and immaterial to the geologic characterization within the Exploration Target. > Horst and graben faults that exist within the Exploration Target are part of the Rough Creek fault system and have been accurately identified by the KGS. > The dip of the coal seam ranges from 2.0 to 3.0 degrees except for areas directly adjacent to the faulting, where the dip can potentially increase.
Sample security	> *The measures taken to ensure sample security.*	> Sample handling procedures including sample chain of custody were developed for the project and have been employed by PNL during exploration.
Audits or reviews	> *The results of any audits or reviews of sampling techniques and data.*	> The CP has reviewed all available high resolution geological information within the Exploration Target. The data is suitable and has been used for the purpose of defining an Exploration Target.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	> *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* > *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	> The Exploration Target is located within the Carbondale Formation of the Illinois Basin between the towns of Hanson and Calhoun in Hopkins and McLean Counties, Kentucky. > PNL controls greater than 70% of the Exploration Target area. > All coal is leased from numerous private owners through the payment of an annual minimum royalty and an earned royalty. > On 80% of the controlled property by area, once mining operations commence, the annual minimum royalty is reduced by the amount of earned royalty due on mined coal. On these leases the annual minimum royalty payments are recoupable against any earned royalty due under the coal leases on a lease-by-lease basis. > On the remaining 20% of controlled property by area, the annual minimum royalties are not recoupable against the earned royalty. > There are no known legal or environmental encumbrances that would impede development of the Exploration Target.
Exploration done by other parties	> *Acknowledgment and appraisal of exploration by other parties.*	> The use of oil and gas well logs to identify coal intercepts is standard practice in the jurisdiction of the Exploration Target and all logs used to define the Exploration Target are of sufficient quality and resolution. > The historical spot core record defines the target seam and immediate roof and floor in specific detail providing reassurance of accuracy.

Criteria	JORC Code explanation	Commentary
Geology	> *Deposit type, geological setting and style of mineralisation.*	> The Exploration Target is located in the West Kentucky Coal Fields, which is part of the Illinois Basin. The thickest and most continuous coal seams, including that identified within the Exploration Target, are found in the Carbondale Formation. The Carbondale Formation consists largely of shale, sandstone, siltstone, limestone and to a lesser extent fireclays and coal. > Coal seams dip on average 2.0 to 3.0 degrees toward the center of the basin which lies toward the northwest portion of the property.
Drill hole Information	> *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* > *easting and northing of the drill hole collar* > *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* > *dip and azimuth of the hole* > *down hole length and interception depth* > *hole length.* > *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	> A detailed list of the WK11 drill holes used to define the interior of the Exploration Target can be found in Appendix 1 of this report titled Drill Hole Details. > A detailed list of the WK9 drill holes recorded in 3Q16 can be found in Appendix 1 of this report titled Drill Hole Details. > All drill holes are provided with a Kentucky South NAD 27 easting and northing coordinate. > All drill holes have been vertically drilled on flat topography.
Data aggregation methods	> *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* > *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* > *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	> WK11 coal quality results have been included in this announcement. The actual and average values for the WK11 coal quality data recovered in 3Q16 can be found in Table 2: Recent WK No.11 Seam Coal Quality Specifications at Poplar Grove. > WK9 coal quality results have been included in this announcement. The actual and average values for the WK9 coal quality data recovered in 3Q16 can be found in Table 3: Recent WK No.9 Seam Coal Quality Specifications at Poplar Grove.
Relationship between mineralisation widths and intercept lengths	> *These relationships are particularly important in the reporting of Exploration Results.* > *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* > *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	> Coal thickness values from all coal intersections and down hole geophysical logs are considered to be vertical thicknesses. Seam dip of approximately 2.0 to 3.0 degrees has little effect on the vertical thickness of the seam.
Diagrams	> *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	> Appropriate geologic maps, diagrams, and exhibits are included in this report.
Balanced reporting	> *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	> All of the relevant high resolution WK11 exploration data within the Exploration Target and available at this time this time has been provided in this announcement. > All of the relevant exploration results from the 3Q16 drilling program has been provided in this announcement.

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	> *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	> All meaningful and material high resolution exploration data of the WKY11 seam within the Exploration Target has been provided in this announcement. > All meaningful and material WK9 exploration data from the 3Q16 drilling program have been provided in this announcement.
Further work	> *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* > *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	> Further work to define the extent of the Exploration Target is being developed and will include additional exploration drilling and additional review of historical geologic records. > Further work is expected to include additional exploration, geotechnical testing, coal quality analyses, coal property acquisition, and integration of all data into a geologic model to define a mineral resource.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Paringa Resources Limited

ABN	**Quarter ended ("current quarter")**
44 155 933 010	30 September 2016

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(457)	(457)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(458)	(458)
	(e) administration and corporate costs	(253)	(253)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	9	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material):		
	(a) investor relations	(112)	(112)
1.9	**Net cash from / (used in) operating activities**	(1,271)	(1,271)

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	(126)	(126)
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material):		
	(a) deferred consideration	(665)	(665)
2.6	**Net cash from / (used in) investing activities**	(791)	(791)

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	6,494	6,494
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(426)	(426)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	6,068	6,068

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	407	407
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,271)	(1,271)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(791)	(791)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,068	6,068

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	(18)	(18)
4.6	**Cash and cash equivalents at end of period**	4,395	4,395

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	4,395	407
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	4,395	407

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	124
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payments to directors for services and defined contribution plans.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Not applicable.

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Not applicable.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	(400)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(400)
9.5	Administration and corporate costs	(150)
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**(950)**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Buck Creek Mine Complex located in Kentucky, USA	Coal leases with private mineral owners	100% (35,914 acres)	100% (38,370 acres)

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 28 October 2016
(~~Director/~~Company secretary)

Print name: Gregory Swan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.