PARINGA RESOURCES LIMITED

15 September 2016

MINE DESIGN FINALISED FOR POPLAR GROVE

HIGHLIGHTS:

- *Paringa has now completed all mine development technical work at the re-named Poplar Grove Mine with the BFS on track for completion over the coming months*
- *As previously announced, approximately 60% of Poplar Grove's annual production during the first 5 years of operation is now contracted under the cornerstone coal sales agreement with LG&E & KU*
- *Poplar Grove will mine the same WK No.9 coal seam, utilise the same room-and-pillar mining methods and employ similar coal processing techniques as adjacent mines operated by Alliance*
- *As previously announced, Paringa has recently secured all surface property rights needed for the construction of the Poplar Grove Mine and refuse area*
- *Poplar Grove mine site permitting is progressing as planned and remains on track for mine construction to begin in early-2017*

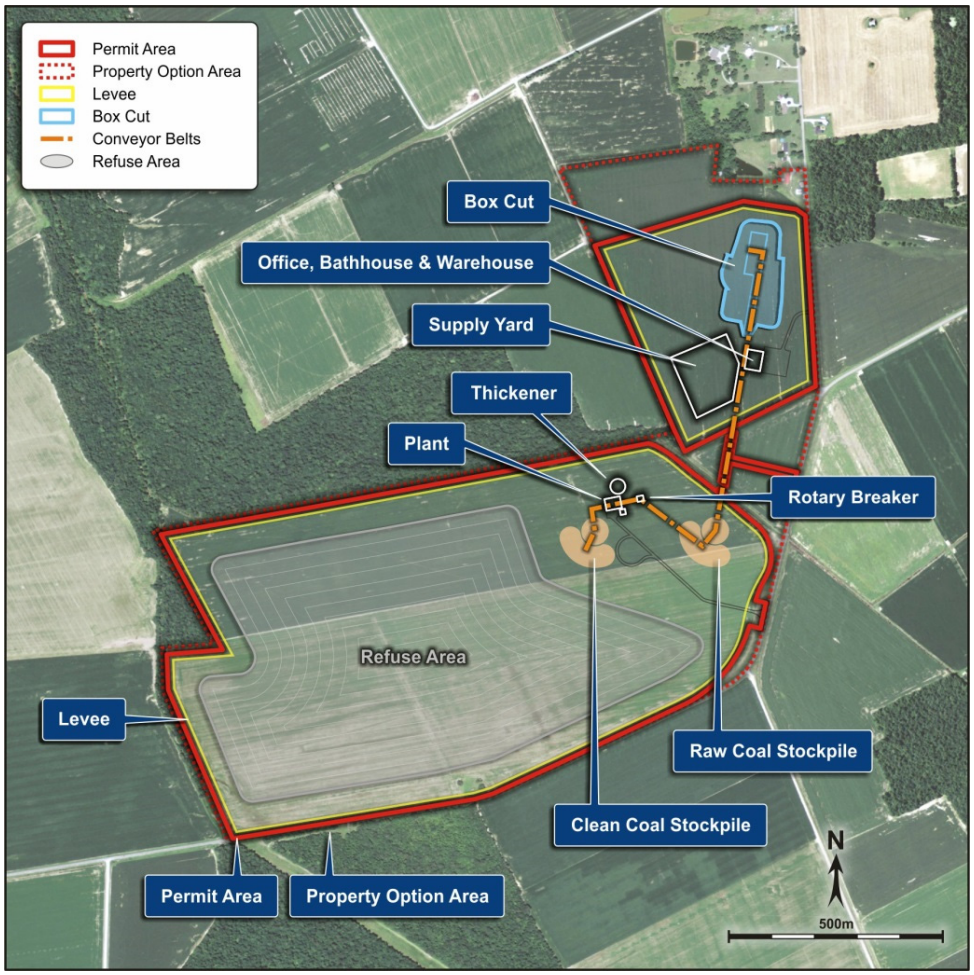

Figure 1: Poplar Grove Mine Site Layout and Refuse Area

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Paringa Resources Limited ("**Paringa**" or "**Company**") (ASX:PNL | OTCQX:PNGZF) is pleased to advise that it has completed all mine development technical work at the Poplar Grove Mine (formerly called No.2 Mine). Paringa's proposed 1.8 million ton per annum ("**Mtpa**") Poplar Grove Mine is located immediately south of the Company's proposed 3.8 Mtpa Cypress Mine (formerly called No.1 Mine), both located within the Buck Creek Complex. The BFS for the Poplar Grove Mine is set for completion over the coming months.

Poplar Grove Mine will mine the same Western Kentucky No.9 coal seam ("**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 publically-traded U.S. coal company.

Paringa's President and CEO, Mr. David Gay, said*:*

"The WK No.9 coal seam has been mined in this region for over 100 years. This is one of the key strengths of the Buck Creek Complex, because it is located in the extremely well understood Western Kentucky region of the Illinois Basin, with benchmarks for operating costs, capital costs, mining methods, coal processing techniques, transportation costs and a well-established permitting regime."

"For these reasons, the development, construction and execution risks in building the Poplar Grove and Cypress Mines are extremely low relative to other undeveloped projects in the natural resources sector. We are excited to be nearing completion of the BFS which will allow us to move straight into the construction phase for the Poplar Grove Mine."

For further information, contact:

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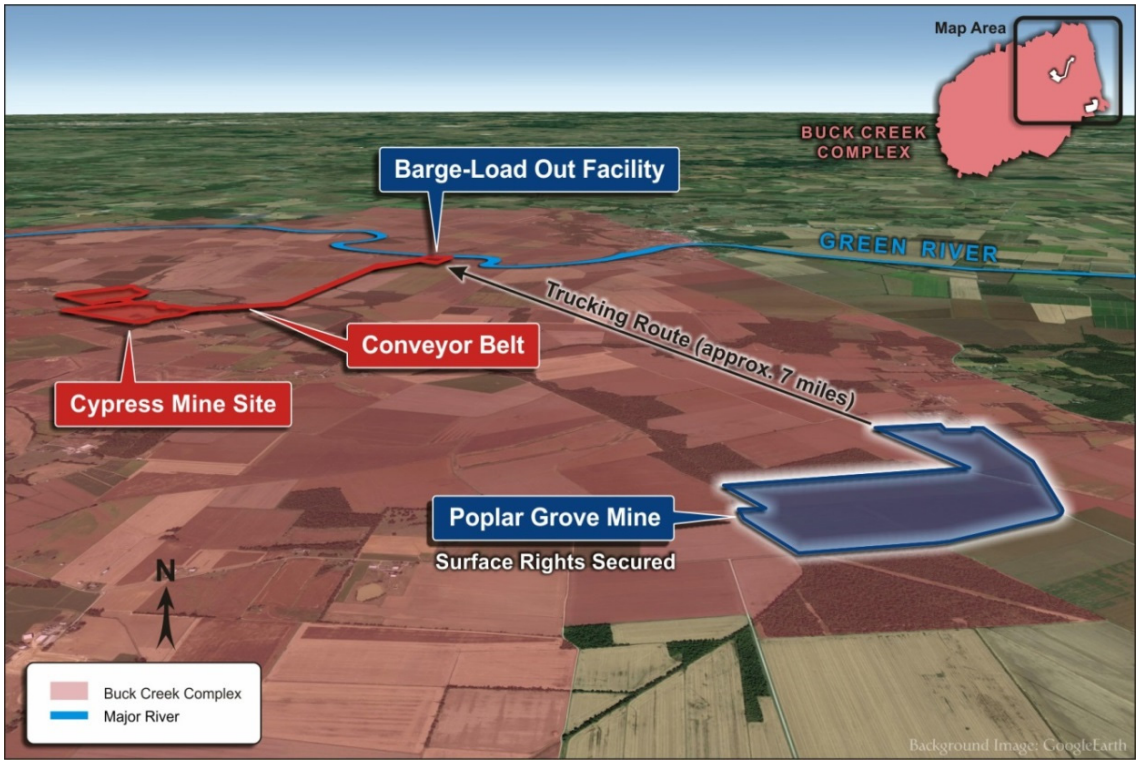

Figure 2: Location of the Poplar Grove and Cypress Mine Permits and Barge Load-Out Facility

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 box cut and drifts for ventilation, transport of personnel, materials and Run of Mine ("**ROM**") coal.

The box cut will consist of a rectangular excavation from the original surface approximately 80 feet (24 meters) in depth, with the remaining 160 feet (48 meters) of depth traversed by four decline drifts developed through the overburden rock above the WK No. 9 seam to a total depth of approximately 240 feet (73 meters). 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. 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.

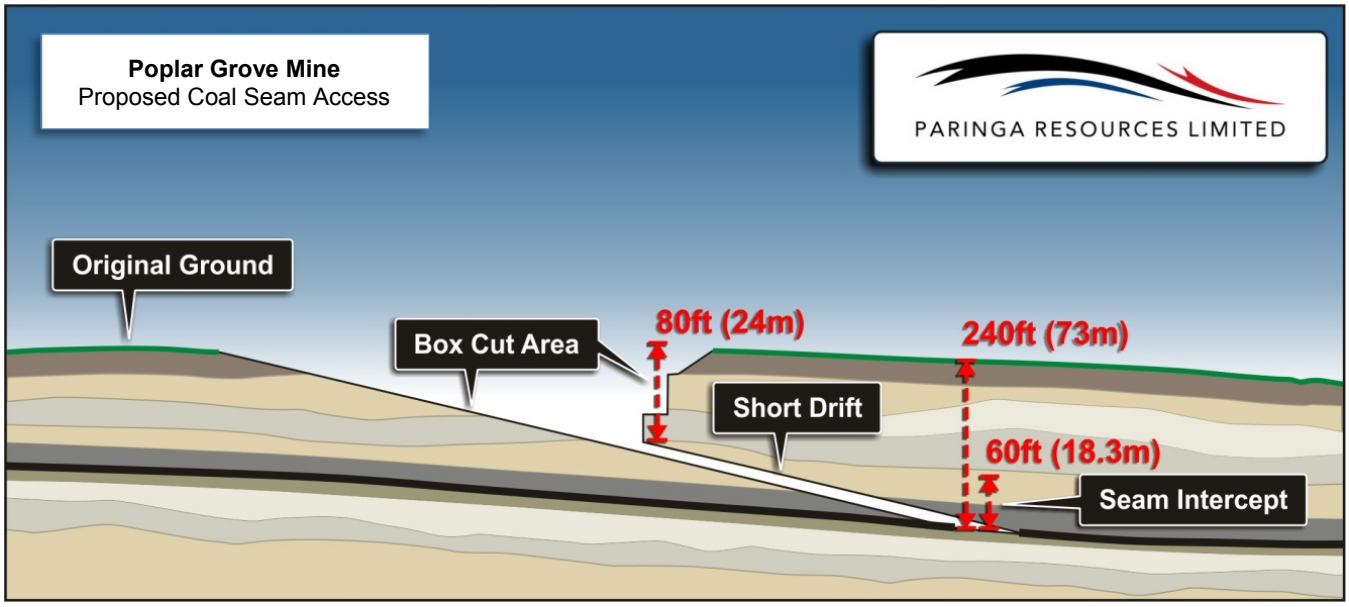

Figure 3: Proposed Coal Seam Access at Poplar Grove Mine

The four (4) decline drifts will be constructed from the bottom of the box cut for an exhaust air portal, a combination conveyor gallery and travelway, and a blowing fan/intake air portal. 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.

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.

Simple Underground Mining Operations

Proposed production from the mine will come exclusively from room-and-pillar mining. The selection of the underground room-and-pillar 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. No prototype equipment will be used in this Project.

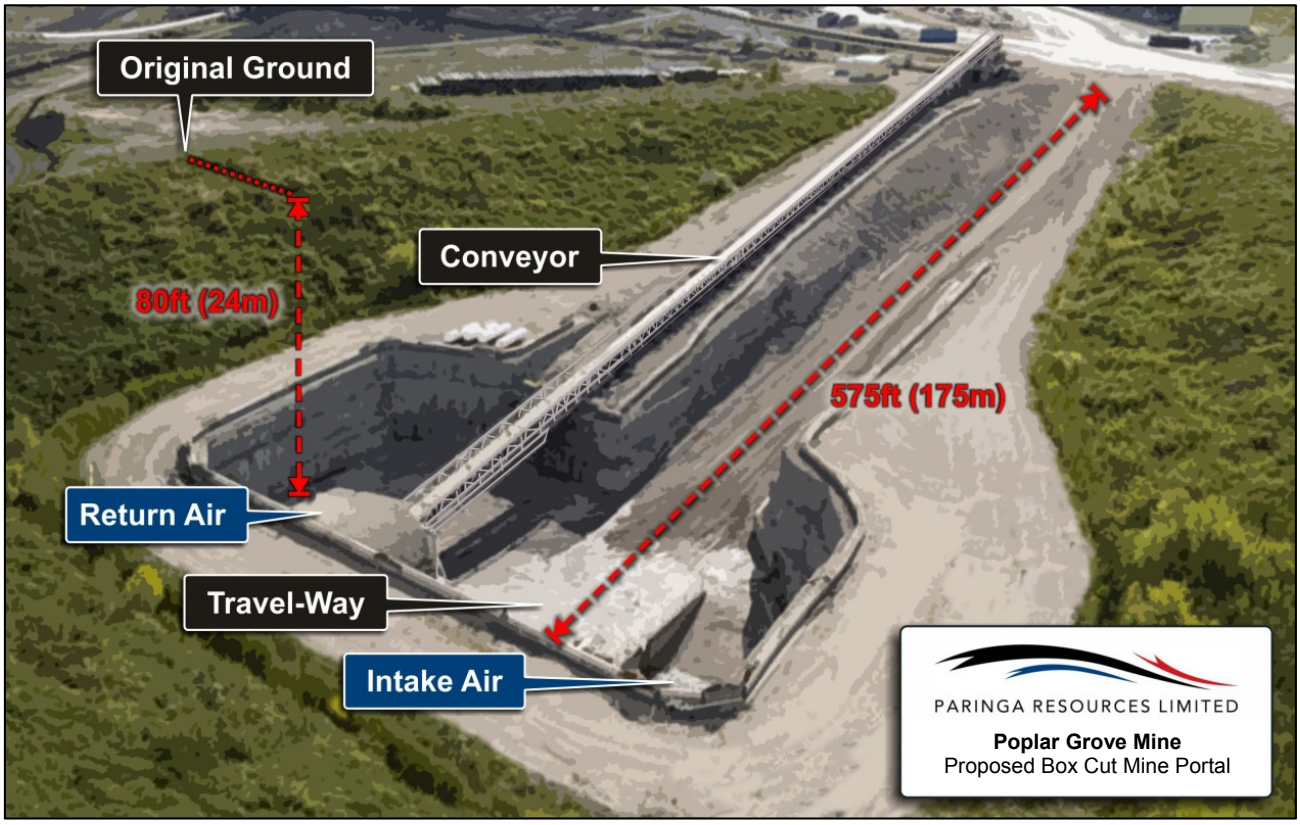

Figure 4: Top View of Proposed Box Cut and Four Drift Portals at the Poplar Grove Mine

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. Each super-section will 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.

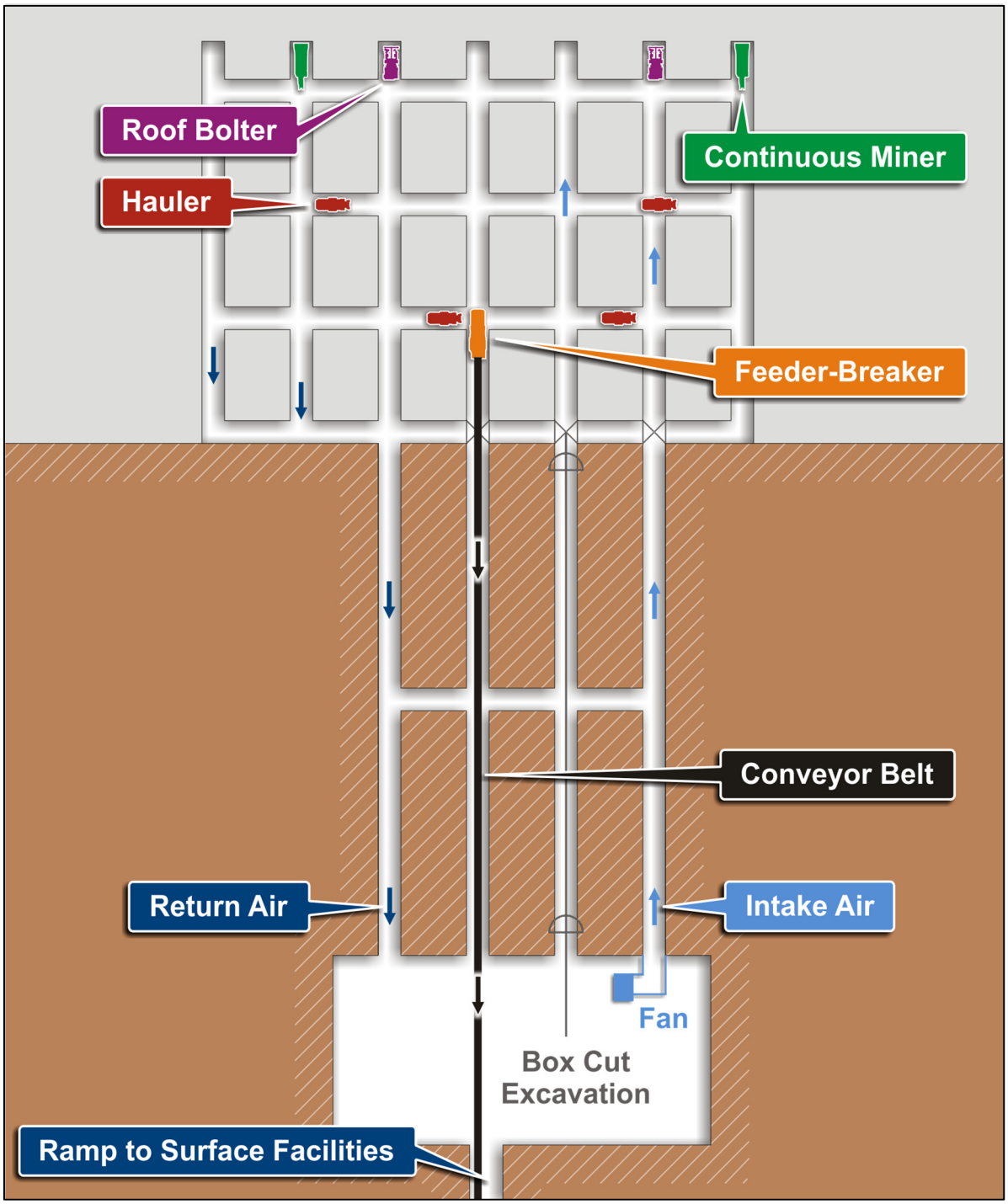

Figure 5: Top View of Proposed Box Cut and Four Drift Portals at the Poplar Grove Mine

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 coal preparation plant design throughput capacity 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.

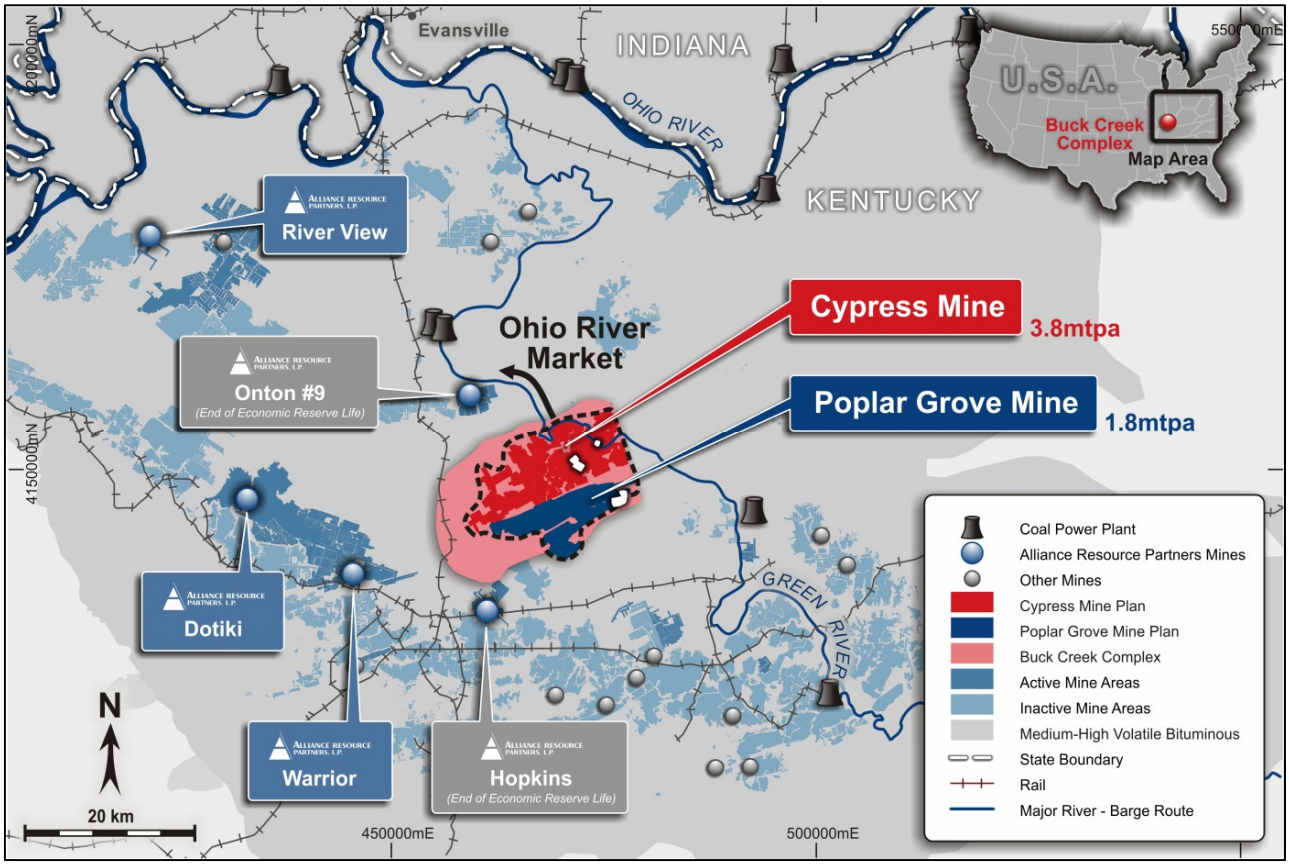

Figure 6: Location of the Buck Creek Complex and Adjacent Alliance Operations

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 December 2, 2015 entitled 'BFS Confirms Buck Creek will be a Low Capex, High Margin Coal Mine' and February 15, 2016 entitled 'Buck Creek Transforms to a Staged Low Capex Development' 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.