PARINGA RESOURCES LIMITED

31 July 2015

ASX Announcement

JUNE 2015 QUARTERLY REPORT

Paringa Resources Limited ("**Paringa**" or "**Company**") (**ASX:PNL**) is pleased to present its quarterly report for the period ending 30 June 2015. Highlights during, and subsequent to, the quarter include:

Buck Creek Mining Complex

- Commenced a Bankable Feasibility Study ("**BFS**") for the Buck Creek No.1 Mine following the exceptional results from the Pre-Feasibility Study ("**PFS**") completed in March 2015;
- Completed a seven hole development drilling program to assist with initial engineering designs for the Technical Study of the proposed Buck Creek No.2 Mine;
- Coal quality results confirm Buck Creek No.2 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 No.2 Mine's excellent in-seam core yield of 92.3% and consistent coal seam thicknesses, is in line with the proposed Buck Creek No.1 Mine, providing potential for a similar high productivity underground room-and-pillar mine; and
- Progressed the Technical Study on the Buck Creek No.2 Mine located south of the Buck Creek No.1 Mine's proposed coal operation and within the Buck Creek Mining Complex.

Corporate

- Announced share placement of 15 million shares to US institutional investors and Australian and New Zealand institutional and sophisticated investors to raise gross proceeds of A$5.1 million, in addition to the Company's current cash of A$2.1 million;
- Appointed the Company's President and Chief Executive Officer, Mr David Gay, as Managing Director of the Company; and
- Appointed highly experienced US based coal finance executive, Mr Scott Cole, as Chief Financial Officer of the Company.

Next Steps

- Execute a coal forward sales contract to underpin the financing and construction of the Buck Creek No.1 Mine, whilst maintaining 100% control;
- Continue discussions with potential equity and debt financiers to fund the construction of the Buck Creek No.1 Mine;
- Complete the BFS of the high margin, low capex Buck Creek No.1 Mine; and
- Complete the Technical Study on the Buck Creek No.2 Mine and assess other mine development opportunities within the Buck Creek Mining Complex.

For further information, contact:

David Gay
CEO and President

Nathan Ainsworth
Business Development

Development Drilling at Buck Creek No. 2 Mine

During the quarter, Paringa completed a seven core hole development drilling program targeting the Western Kentucky No.9 seam ("**WK No.9**") within the proposed Buck Creek No.2 Mine located within the Buck Creek Mining Complex and to the south of Buck Creek No.1 Mine's proposed 3.8 million tons per annum ("**Mtpa**") coal operation.

Paringa completed the development drilling program at the Buck Creek No.2 Mine to assist with the initial engineering design and orientation of the planned mine portal, as part of the technical study ("**Technical Study**") due for completion in 2015.

Results from the six 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. Shallow coal seam depth at the planned mine portal (near the location of HMG-01) and the ability to utilise the planned infrastructure at the adjacent Buck Creek No.1 Mine should provide for a low capex development of Buck Creek No.2.

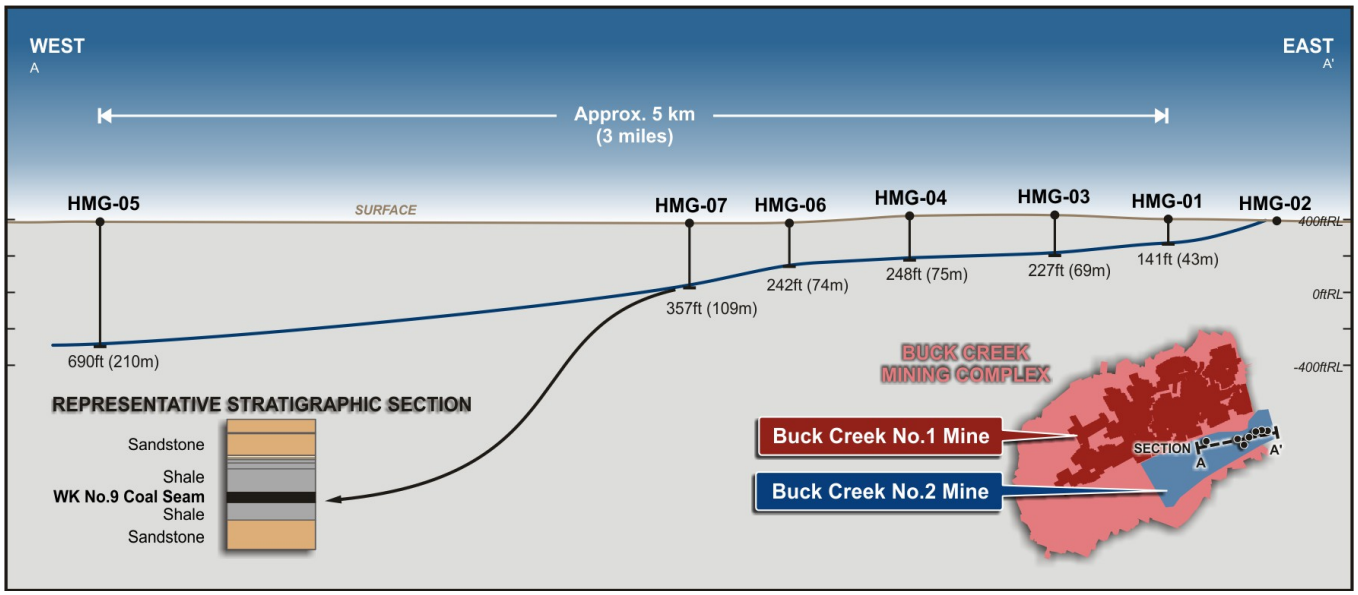

Figure 1: Cross-Section of Development Drill Holes at Buck Creek No.2 Mine

Coal Quality

Core quality and washability testing was completed on six out of the seven drill core holes conducted within the Buck Creek No.2 Mine area. Quality testing was not completed on hole HMG-02 as it did not intercept the WK No. 9 seam. This was the most easterly located hole and was undertaken to confirm that the WK No.9 coal seam did not extend beyond the mapped outcrop line.

The coal samples were shipped to SGS North America Inc. in Henderson, Kentucky for analysis. Core recovery was greater than 95 percent for all of the samples sent for analysis. Coal quality data from the seven recently completed core samples are presented in Table 1.

Table 1: Updated Buck Creek No. 2 Coal Quality Specifications of the 2015 Drilling										
Hole	**Raw Proximate Analysis** (Equilibrium Moisture)						**Washed Core Quality** (Equilibrium Moisture +4%)			
	Moisture	Ash	Volatile Matter	Fixed Carbon	Chlorine	HGI	Heating Content (Btu/lb)	Ash	Sulphur	Yield @ 1.60 Float
HMG-02	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a
HMG-01	7.80%	10.77%	37.37%	43.38%	0.04%	68	**11,756**	7.84%	2.42%	92.39%
HMG-03	6.70%	12.41%	37.07%	43.33%	0.06%	58	**11,604**	9.47%	3.31%	98.36%
HMG-04	6.50%	11.96%	39.11%	42.13%	0.07%	61	**11,821**	8.69%	2.34%	92.79%
HMG-06	5.90%	10.02%	39.01%	44.97%	0.07%	68	**12,102**	7.73%	2.56%	97.09%
HMG-07	6.00%	11.26%	38.97%	43.01%	0.06%	70	**11,994**	7.87%	2.38%	95.05%
HMG-05	5.30%	14.71%	35.82%	44.52%	0.18%	61	**11,655**	11.44%	2.88%	85.75%
Average	**6.24%**	**12.15%**	**37.61%**	**43.74%**	**0.09%**	**65**	**11,813**	**9.10%**	**2.65%**	**92.34%**

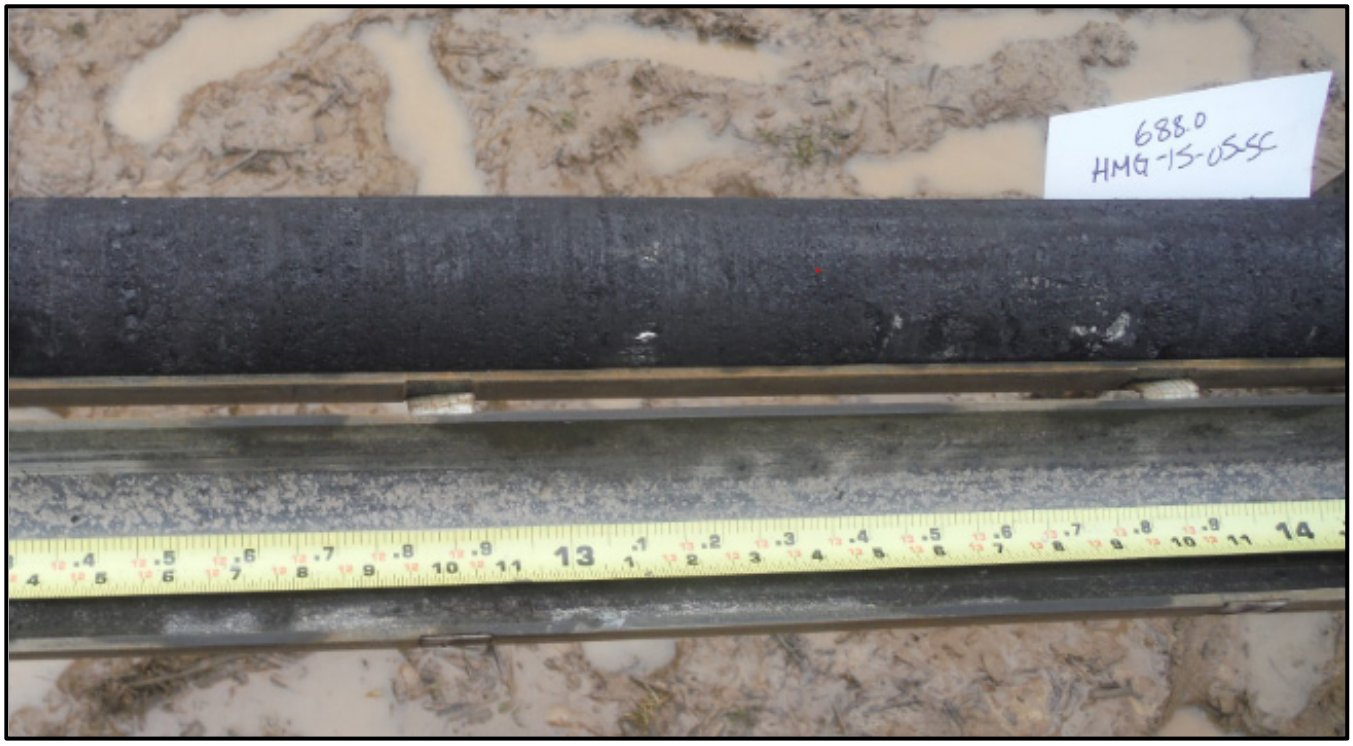

Figure 2: Photo of WK No.9 Coal Extracted from HMG-05

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 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.

Low Chlorine Content

One of the most important characteristics to be considered in the Illinois Basin is the chlorine content. The average weighted chlorine content of the 2015 drilling is a low 0.09% and thus has a significant advantage over many other new developments in the Illinois Basin which typically have values exceeding 0.35%.

A significant portion of future coal production from the Illinois Basin is high chlorine coal with dry chlorine contents greater than 0.20% (levels which are typically corrosive to boilers) and typically must be blended domestically with lower chlorine coals (<0.20%) or exported to seaborne markets in Europe.

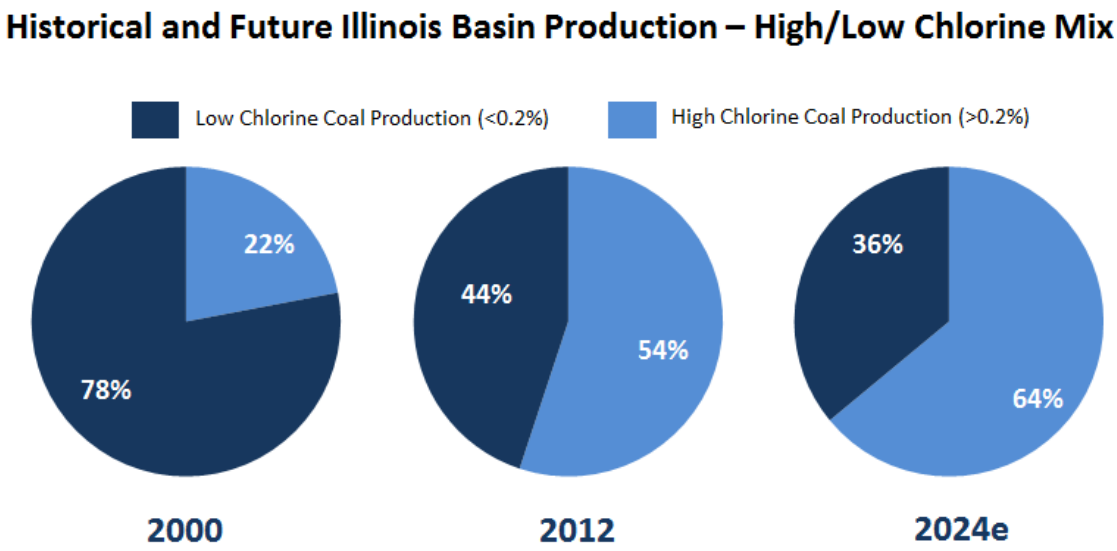

Figure 3: Dry Chlorine Content of Historical and Future Illinois Basin Production
(Source: Hanou Energy Consulting, LLC)



Figure 4: Drill Rig Operating at Buck Creek No.2

Technical Studies at Buck Creek No.2 Mine

During the quarter, the Company progressed with a Technical Study on the Buck Creek No. 2 Mine, positioned south of the Buck Creek No. 1 Mine and within the Buck Creek mining complex.

Development of Buck Creek No. 2 is expected to be a low Capex development project on account of the shallow depth of the coal seam from surface at the planned mine site and the potential to utilise the majority of the proposed Buck Creek No. 1 Mine's processing and barge transportation infrastructure, with minimal modification.

The Company anticipates cash flows from the proposed Buck Creek No. 1 Mine to fund the development of the low Capex Buck Creek No. 2 Mine. The Company is also assessing other development opportunities within the Buck Creek Mining Complex area which form part of a staged multi-project development program.

Commencement of a BFS at Buck Creek No.1 Mine

Following the successful completion of a PFS for the Buck Creek Project in March 2015, Paringa commenced a BFS for the Buck Creek Project during the quarter with aim to begin mine construction in 2016.

Paringa has re-appointed Cardno ("**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.

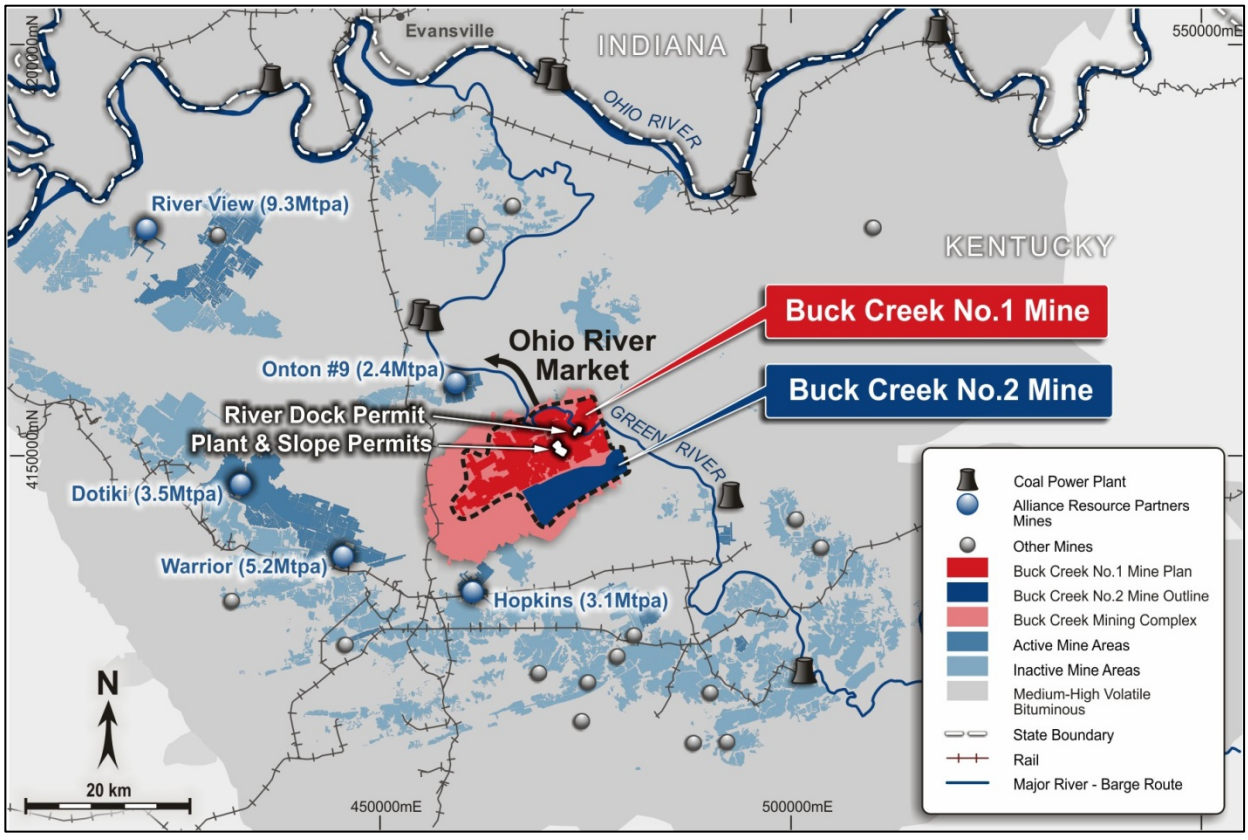

Figure 5: Buck Creek No.1 and No.2 Mine

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.

Next Steps

The Company has an exciting quarter ahead with a substantial amount of activity scheduled for the Buck Creek Mining Complex over the coming months, including:

- Execute a coal forward sales contract to underpin the financing and construction of the Buck Creek No.1 Mine;
- Commence financing process with the Company's newly appointed debt advisor to fund the development of the Buck Creek No.1 Mine;
- Complete the BFS of the high margin, low capex Buck Creek No.1 Mine; and
- Complete the Technical Study on the Buck Creek No.2 Mine and assess other mine development opportunities within the Buck Creek Mining Complex.

CORPORATE

Capital Raising

Subsequent to the end of the quarter, the Company announced that it would undertake a private placement of 15 million shares at A$0.34 each to raise gross proceeds of A$5.1 million ("**Placement**").

The first tranche of the Placement, comprising 13,500,000 ordinary shares and 6,750,000 free attaching options to institutional and sophisticated investors in the United States, Australia and New Zealand, was completed on 30 July 2015.

The second tranche of the Placement, comprising 1,500,000 ordinary shares and 750,000 attaching options to directors Messrs Todd Hannigan and Thomas Todd, will be completed following following shareholder approval at a General Meeting to be held on 3 September 2015.

Key Appointments

During the quarter, the Company appointed highly experienced US based coal finance executive, Mr Scott Cole, as Chief Financial Officer of the Company. Mr Cole is a highly experienced US coal executive who has been involved in some of the largest equity, debt and structured financings within the US coal industry. His appointment precedes formal financing discussions with major global financial institutions based in the US in relation to the financing of the Buck Creek No.1 Mine.

During the quarter, the Company's Chief Executive Officer ("CEO"), Mr David Gay, joined the Board of Directors as Managing Director of the Company. Mr Gay will also continue as the Company's President and CEO.

Cash Position

Paringa is in a strong cash position and, following the Placement to raise A$5.1 million, will have cash reserves of approximately A$7 million and no debt (assuming completion of Placement and cash of A$2.1 million at 30 June 2015).

EXPLORATION INTERESTS

Buck Creek Coal Leases

At the end of the quarter, Paringa controlled approximately 34,566 gross acres (~13,988 ha) of coal leases in Kentucky, United States which comprise the Buck Creek Mining Complex. The area is controlled by Paringa through approximately 239 individual coal leases with private mineral owners.

During the quarter, Paringa directly leased approximately 361 additional gross acres (~146 ha) of coal from individual mineral owners at the Buck Creek Mining Complex.

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.

BUCK CREEK MINING COMPLEX

The Buck Creek Mining 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 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. The Buck Creek Mining Complex's 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.

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%

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**

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

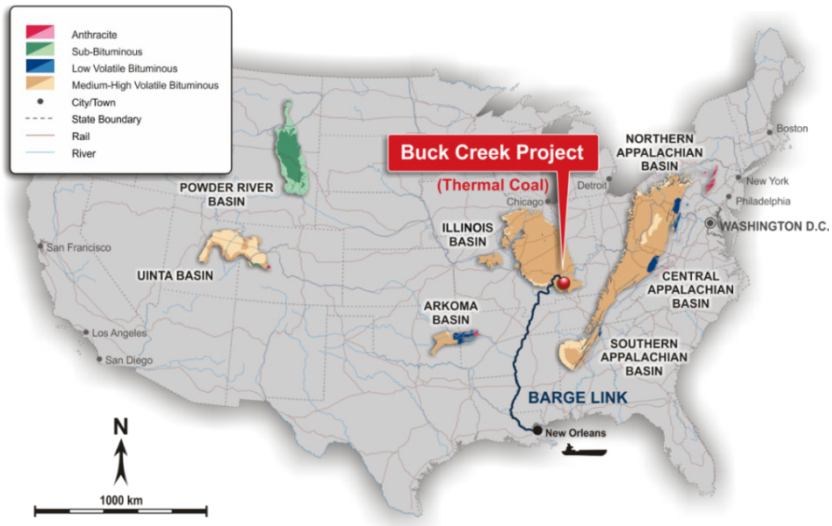

Figure 6: Location of the Buck Creek Mining Complex

Forward Looking Statements

This announcement 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 announcement 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 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.

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, 01/05/2013

Name of entity

PARINGA RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
44 155 933 010	30 JUNE 2015

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:	(857)	(3,630)
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(308)	(972)
	(d) administration		
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	22	182
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material):		
	(a) business development	(164)	(732)
	Net Operating Cash Flows	**(1,307)**	**(5,152)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:	(88)	(664)
	(a) prospects	-	-
	(b) equity investments	(8)	(26)
	(c) other fixed assets		
1.9	Proceeds from sale of:	-	-
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets		
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other:		
	(a) deferred consideration	-	(1,274)
	Net investing cash flows	**(96)**	**(1,964)**
1.13	Total operating and investing cash flows (carried forward)	(1,403)	(7,116)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,403)	(7,116)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	5,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other:		
	(a) share issue costs	-	(324)
	Net financing cash flows	**-**	**4,676**
	Net increase (decrease) in cash held	**(1,403)**	**(2,440)**
1.20	Cash at beginning of quarter/year to date	3,514	4,512
1.21	Exchange rate adjustments to item 1.20	(7)	32
1.22	**Cash at end of quarter**	**2,104**	**2,104**

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	98
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to Directors for services and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	1,400
4.2	Development	-
4.3	Production	-
4.4	Administration	200
	Total	**1,600**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	141	124
5.2	Deposits at call	1,963	3,390
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**2,104**	**3,514**

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements and petroleum tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	138,816,667	138,816,667	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	Options 2,250,000 150,000 1,500,000 1,500,000 Rights 1,082,333 1,150,000 2,326,000 3,788,334	 - - - - - - - -	*Ex. price* $0.30 $0.30 $0.20 $0.45 - - - -	*Expiry date* 31/08/2017 31/12/2016 31/12/2016 30/06/2018 31/12/2015 30/06/2016 31/12/2016 31/12/2017
7.8	Issued during quarter	Rights 100,000 700,000 410,000 1,340,000	 - - - -	 - - - -	*Expiry date* 31/12/2015 30/06/2016 31/12/2016 31/12/2017
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 July 2015
(~~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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 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.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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