30 January 2014

ASX ANNOUNCEMENT

DECEMBER 2013 QUARTERLY REPORT

The Board of Paringa Resources Ltd ("**Paringa**" or the "**Company**") **(ASX:PNL)** is pleased to present its quarterly report for the period ending 31 December 2013. Highlights during, and subsequent to, the quarter include:

North American Projects

- Completion of acquisition of the Buck Creek Project, an advanced thermal coal project located in the Illinois Coal Basin in Kentucky, and the Arkoma Coking Project, an expanding low volatile bituminous coking coal project in the untapped Arkoma Basin in Arkansas.
- Delineation of a Maiden Coal Resource Estimate of 154 million tons (~140 million tonnes) at the Buck Creek Project with over 88% in the Measured & Indicated categories.
- Completion of a nine core hole drilling program across a distance of over 12km, targeting the WK No.9 coal seam within the Buck Creek Project's controlled leases.
- Drilling results confirmed that the WK No.9 seam within the Buck Creek Project area, is a flat and laterally consistent coal seam with actual coal seam thicknesses of up to 19% greater than that previously modelled in the Company's maiden Coal Resource Estimate.
- Commencement of a Scoping Study on the Buck Creek Project located in the high growth Illinois Coal Basin in Kentucky, USA which is due to for completion during the March 2014 quarter.

South American Projects

- Granted an exploration licence for the São Luis Gold Project and three new exploration licences at the Santo Antônio de Pádua Graphite Project.

Corporate

- Appointment of Mr Ian Middlemas as Non-Executive Chairman and Mr Taso Arima as Executive Director of Paringa.
- Appointment of Mr David Gay, a senior US coal executive, as Chief Executive Officer of the Company. Mr Gay was most recently head of mergers and acquisitions for Alpha Natural Resources, a major US coal producer.
- As at 31 December 2013, the Company had $6.51m in cash.

Going Forward

- The Company has an exciting quarter ahead with a substantial amount of activity scheduled for the Buck Creek Project, including completion of geotechnical studies, development of coal product specifications for coal marketing activities, and completion of the Scoping Study.

For further information contact:

David Gay
Chief Executive Officer

David Chapman
Executive Director

Taso Arima
Executive Director

NORTH AMERICAN PROJECTS

On 16 October 2013, Paringa announced that it had completed its acquisition of Hartshorne Coal Mining Limited ("**Hartshorne**") which has export thermal and coking coal projects located in the USA.

The North American Projects consist of two projects, the thermal coal Buck Creek Project ("**Buck Creek Project**") and the Arkoma Coking Project ("**Arkoma Coking Project**") (Figure 1).

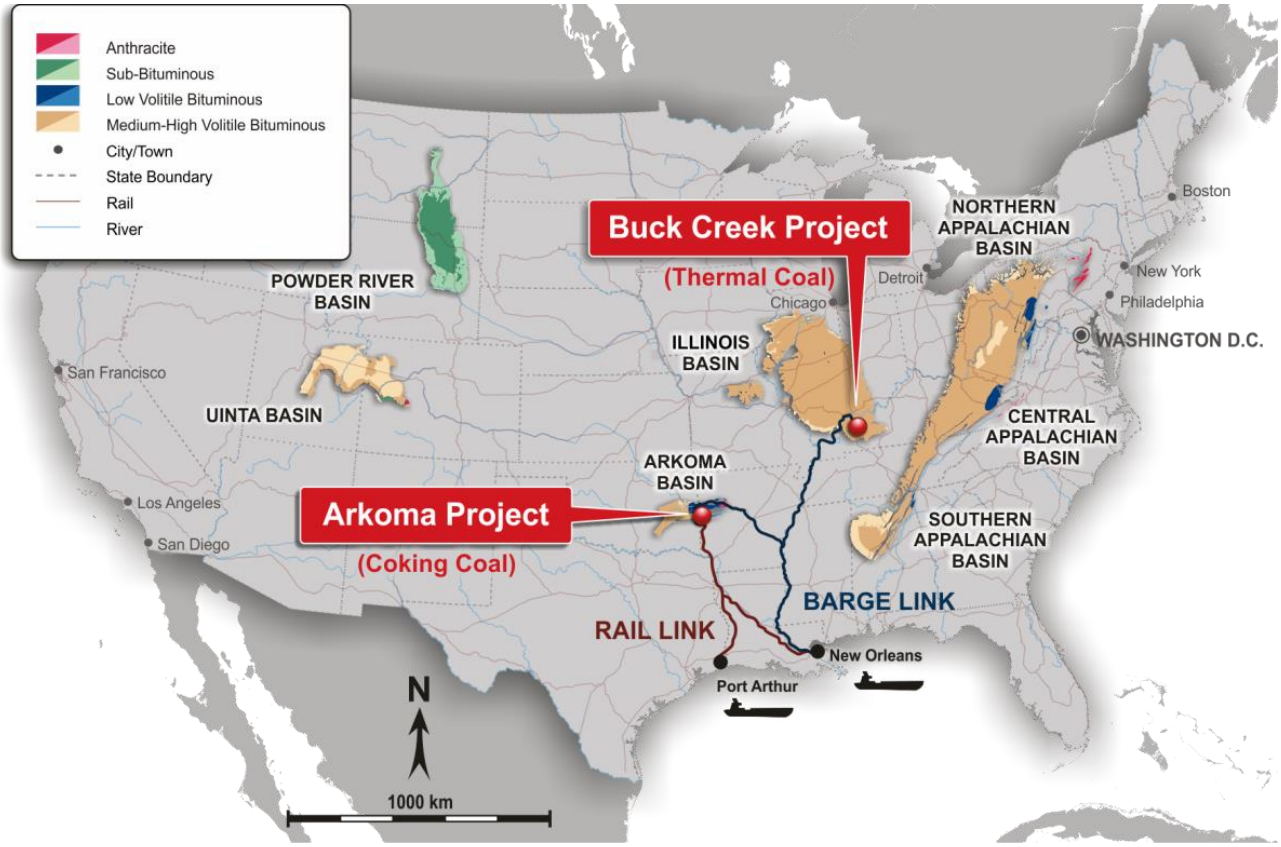

Figure 1: Location of the Buck Creek and Arkoma Coking Projects

Buck Creek Project

The Buck Creek Project is located in the Western Kentucky region of the Illinois Basin ("**ILB**") which is one of the most prolific coal producing regions in the USA. Paringa controls over 25,000 gross acres (~10,100 ha) of coal leases within an area of interest of approximately 72,000 acres (~29,100 ha).

The Buck Creek Project is one of the few remaining contiguous high quality thermal coal projects within the Springfield West Kentucky No.9 ("**WK No.9**") Seam that is not controlled by one of the major USA coal companies and offers one of the highest quality, highest heating value products in the ILB.

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

Maiden Coal Resource Estimate

On 4 November 2013, Paringa announced a 154 million ton (~140 million tonne) maiden Coal Resource Estimate ("**CRE**") for its Buck Creek Project located in the low cost and proven ILB in Kentucky, USA. The maiden CRE was reported in accordance with the JORC Code 2012 and comprises over 135 million tons (~122 million tonnes) in the Measured and Indicated categories.

The preparation of the CRE was undertaken by Cardno MM&A based in Bluefield, Virginia, USA. Marshall Miller & Associates, Inc. ("**MM&A**") was acquired in 2012 by Cardno Limited ("**Cardno**"), an ASX-200 professional infrastructure and environmental services company, to form Cardno MM&A.

Table 1: Buck Creek Project – Coal Resource Estimate (Springfield Seam)

CRE Tonnage (Mt)				**Product Quality** (+4% Eq. Moisture)		
Measured	Indicated	Inferred	**Total**	Calorific Value	Ash	Yield
32.1	104.8	17.5	**154.4**	6,550 kcal/kg	8.4%	92.7%

The Coal Resource Estimate coal quality is exceptional, containing a higher heat, lower ash and lower chlorine content than many of the current and most of the new coal operations being developed in the ILB. On a product basis, together with a 4% addition to equilibrium moisture, the coal has a relatively high heat content of 6,550kcal/kg for the region which compares very well with the current operations in the basin. Since thermal coal mines are ultimately selling energy this factor makes the Project's quality very attractive as a new source of energy from the ILB.

Table 2: Springfield Seam Coal Quality Specifications

Raw Proximate Analysis (Equilibrium Moisture)							**Product Quality** (Equilibrium Moisture +4%)			
Moisture	Ash	Volatile Matter	Fixed Carbon	Chlorine	HGI	AFT IDT ^{o}C	Calorific Value	Ash	Sulphur	Yield @ 1.60 Float
6.6%	12.5%	36.3%	44.6%	0.20%	59	1,096	6,550 kcal/kg	8.4%	2.85%	92.7%

Drilling Program

During the quarter, Paringa completed a drilling program which comprised of nine core holes with geophysical logs and geotechnical analysis targeting the WK No.9 seam. The average depth of each drill hole was approximately 675ft (~205m).

The targeted drilling program was primarily designed to update the geotechnical analyses of the project area. In addition, the drilling program will provide a full suite of coal quality and washability analyses providing critical input into potential yields and product quality. In addition, results from drilling will enable the Company to develop more comprehensive product specifications for its coal marketing activities.

Approximately 163 drill holes have previously been completed on the Buck Creek Project's WK No.9 seam, including approximately 127 coal core holes, 10 coal rotary holes, and 26 oil and gas wells.

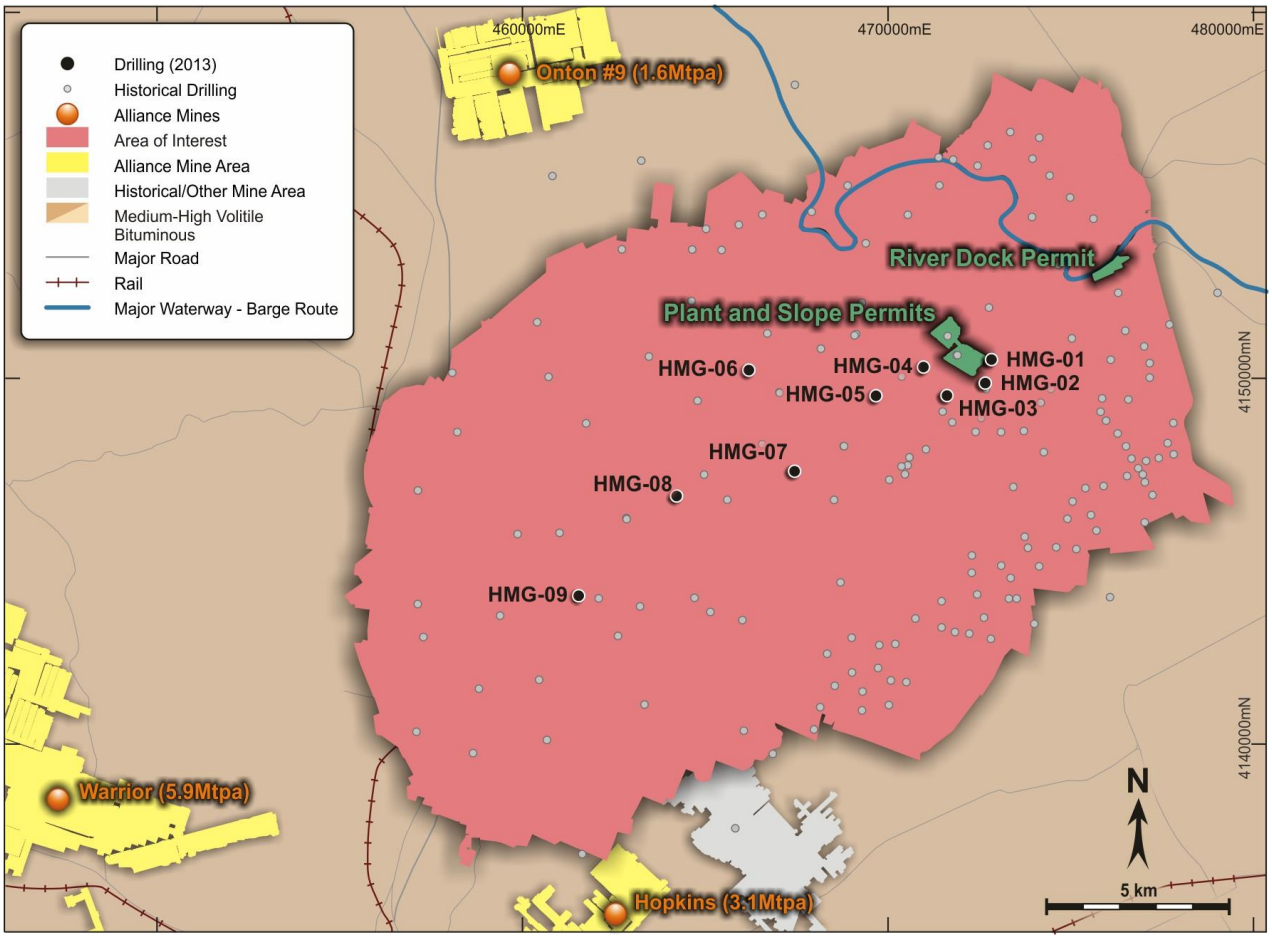

Figure 2: Buck Creek Project and Location of Recent Drill Holes

Preliminary results from the nine drill core holes are in line with the Buck Creek Project's geological model and reaffirm that the WK No.9 is a thick, flat, consistent, and laterally continuous coal seam. The Springfield / WK No. 9 coal seam is the third largest producer of thermal coal in the USA and hosts some of the most highly productive and high margin underground coal mines in the country.

In addition, drill logs indicate the actual coal seam thickness for most of the drill holes are greater than that modelled in the Company's Coal Resource Estimate.

Table 3: Comparison of Modelled Coal Seam Thickness and Actual Thickness at Buck Creek

Hole Name	Modelled Thickness (ft)	Actual Thickness (ft)	Variance (%)
HMG-01	3.68	4.09	+11%
HMG-02	3.58	4.17	+16%
HMG-03	3.71	4.14	+12%
HMG-04	3.76	4.01	+7%
HMG-05	3.65	3.92	+7%
HMG-06	3.65	4.02	+10%
HMG-07	3.66	3.30	-10%
HMG-08	3.85	4.00	+4%
HMG-09	4.19	5.00	+19%



Figure 3: Drill Core from HMG-02 (top 31 inches)

Scoping Study

During the quarter, Paringa commenced a Scoping Study ("**Scoping Study**") on the Buck Creek project. Given the significant data available and the operating mines adjacent to the Buck Creek Project, the Scoping Study is expected to be completed during the March 2014 quarter.

The Scoping Study will be managed by Cardno MM&A and will examine the following key areas:

- Mine production scenarios and scheduling;
- Mine access;
- Coal handling, processing and surface infrastructure requirements;
- Transport and logistics;
- Environmental and social assessment;
- Operating and capital cost evaluation; and
- Coal pricing and marketing.

Cardno MM&A will utilise local industry consultants with expertise in coal mine development in the ILB region to analyse the various components of the Scoping Study, 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.

Upon completion and review of the Scoping Study, the Company will look to progress remaining technical studies, and initiate discussions with potential offtake partners from the region.

Arkoma Coking Project

The Arkoma Coking Project is located in Sebastian County along the Arkansas River Valley in the State of Arkansas, USA. The Company has secured over 14,000 gross acres (~5,600 ha) of coal leases out of an area of interest of approximately 25,000 acres (~10,100 ha). Regional mapping and analysis of past coal production in the Arkoma basin led to the definition of this high value coking coal target area. Preliminary coal quality testing confirms low volatile hard coking coal with low ash and low sulfur contents which is highly desirable in the global coking coal markets.

SOUTH AMERICAN PROJECTS

Gold Projects

Subsequent to the end of the quarter, an exploration licence application within the São Luis Gold Project ("**São Luis Gold Project**") was granted to the Company. The granted exploration licence has an area of approximately 90km^2 and covers the principal regional target within the São Luis Gold Project. The licence has been granted in the name of the original project vendors Brazil Americas Investments & Participation Mineração Limitada ("**BAIMP**") and is in the process of being transferred to Paringa under the assignment agreement between Paringa and BAIMP.

Graphite Projects

Subsequent to the end of the quarter, three exploration licences totaling 2,422ha were granted within the Santo Antônio de Pádua graphite project. These licences cover about 10km of strike of the Andrelândia Group which is the most significant host of graphite and manganese occurrences in the region. The Andrelândia Group is considered to have potential for high-quality flake graphite and a number of graphite occurrences have been identified within the granted licences.

CORPORATE

Board and Management Changes

Following completion of the acquisition of Hartshorne, Messrs Ian Middlemas and Anastasios (Taso) Arima, joined the board of Paringa. Mr Middlemas has been appointed as Non-Executive Chairman and Mr Arima has been appointed as Executive Director, joining existing Directors Messrs David Griffiths and David Chapman.

Mr David Gay has been appointed as Chief Executive Officer of the Company. Mr Gay is a Professional Mining Engineer with an MBA and has over 35 years of experience in developing coal projects in the USA. Mr Gay's experience covers the entire coal development chain including leasing, permitting, exploration, construction, commissioning, production, mergers & acquisitions and financing activities. Most recently, Mr Gay was Vice President, Mergers and Acquisitions and Business Development at Alpha Natural Resources, Inc., one of the USA's largest coal producers.

Cash Position

Paringa is in a strong financial position with $6.51m in cash and cash equivalents at 31 December 2013.

EXPLORATION INTERESTS

Buck Creek Coal Leases

At the end of the quarter, Paringa controlled approximately 25,350 gross acres (~10,259 ha) of coal leases in Kentucky, USA which comprise the Buck Creek Project. The area is controlled by Paringa through approximately 157 individual coal leases with private mineral owners. During the quarter, Paringa acquired approximately 25,000 gross acres (~10,117 ha) of coal leases through its acquisition of Hartshorne on 16 October 2013, and directly leased an additional approximately 350 gross acres (~142 ha) of coal leases from individual mineral owners at the Buck Creek Project.

Arkoma Coal Leases

At the end of the quarter, Paringa controlled approximately 14,000 gross acres (~5,600 ha) of coal leases in Arkansas, USA which comprise the Arkoma Project. The area is controlled by Paringa through approximately 400 individual coal leases with private mineral owners. During the quarter, Paringa acquired approximately 14,000 gross acres (~5,600 ha) of coal leases through its acquisition of Hartshorne on 16 October 2013.

Brazil Tenements

At the end of the quarter, Paringa had an interest in the following mining tenements:

Project	Location	Tenement Number	% Held	Status
Minaçu Gold Project	Brazil	864.466/08	100%	Granted
Minaçu Gold Project	Brazil	864.508/10	100%	Granted
Minaçu Gold Project	Brazil	860.341/09	100%	Granted
São Luis Gold Project	Brazil	851.141/11	100%	Application
São Luis Gold Project	Brazil	806.588/11	100%	Application
São Luis Gold Project	Brazil	806.589/11	100%	Application
São Luis Gold Project	Brazil	806.590/11	100%	Application
São Luis Gold Project	Brazil	806.591/11	100%	Application
São Luis Gold Project	Brazil	806.596/11	100%	Application
São Luis Gold Project	Brazil	851.136/11	100%	Application
São Luis Gold Project	Brazil	851.137/11	100%	Application
São Luis Gold Project	Brazil	851.138/11	100%	Application
São Luis Gold Project	Brazil	851.139/11	100%	Application
São Luis Gold Project	Brazil	851.140/11	100%	Application
São Luis Gold Project	Brazil	851.142/11	100%	Application
São Luis Gold Project	Brazil	851.143/11	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	831.809/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.387/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.388/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.389/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.390/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.391/12	100%	Application
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Santo Antônio de Pádua Graphite Project	Brazil	890.395/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.396/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.397/12	100%	Application
São Fidélis Graphite Project	Brazil	890.400/12	100%	Application
São Fidélis Graphite Project	Brazil	890.401/12	100%	Application

Forward Looking Statements

This release 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 release, to reflect the circumstances or events after the date of that release.

Competent Persons Statement (North American Projects)

The information in this announcement that relates to the Exploration Results and Coal Resources extracted from Paringa's ASX announcement dated 4 November 2013 entitled 'Maiden Coal Resource of 154 Million Tons Defined in Illinois Coal Basin' which is available to view on the Company's website at www.paringaresources.com. The information in the original ASX announcement that related to Exploration Results was based on, and fairly represents, information compiled 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 MM&A. 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". Paringa confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement. Paringa confirms that the form and context in which the Competent Person's findings are presented in this announcement have not been materially modified from the original ASX announcement.

Competent Persons Statement (South American Projects)

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information in this announcement that relates to Exploration Results is based on, and fairly represents, information compiled or reviewed by Mr David Chapman. Mr Chapman is employed by Paringa Resources Limited and is a Member of The Australasian Institute of Mining and Metallurgy. Mr Chapman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Chapman consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears. Mr Chapman accepts responsibility for the accuracy of the statements disclosed in this announcement.

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	31 December 2013

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(645)	(886)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(259)	(448)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	16	46
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	(a) Due diligence costs	(76)	(76)
	Net Operating Cash Flows	(964)	(1,364)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(108)	(167)
	(b) equity investments	-	-
	(c) other fixed assets	(7)	(7)
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 (provide details if material):		
	(a) Net cash inflow on acquisition of Hartshorne Coal Mining Limited	139	139
	Net investing cash flows	24	(35)
1.13	Total operating and investing cash flows (carried forward)	(940)	(1,399)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(940)	(1,399)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(100)	(100)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held		
1.20	Cash at beginning of quarter/year to date	**7,546**	**8,007**
1.21	Exchange rate adjustments to item 1.20	5	3
1.22	**Cash at end of quarter**	6,511	6,511

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	111
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

In October 2013, the Company completed its acquisition of Hartshorne Coal Mining Limited ("Hartshorne") which has export thermal and coking coal projects located in the USA, for consideration of 61,000,000 ordinary shares.

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

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	680
4.2	Development	-
4.3	Production	-
4.4	Administration	250
	Total	**930**

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	511	346
5.2	Deposits at call	6,000	7,200
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**6,511**	**7,546**

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	• **Buck Creek Coal Project** (approx. 157 individual coal leases in Kentucky, USA)	Direct	Nil	100%
		• **Arkoma Coal Project** (approx. 400 individual coal leases in Arkansas, USA)	Direct	Nil	100%

+ 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**	122,083,334	122,083,334	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	61,000,000	61,000,000	Nil	Nil
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		*Ex. price*	*Expiry date*
		2,250,000	-	*$0.30*	*31/08/2017*
		150,000	-	*$0.30*	31/12/2016
		1,500,000	-	*$0.20*	31/12/2016
		Rights			
		800,000	-	-	31/12/2014
		630,000	-	-	31/12/2015
		945,000	-	-	31/12/2016
		1,57,000	-	-	31/12/2017
7.8	Issued during quarter	Options		*Ex. price*	*Expiry date*
		1,500,000	-	*$0.20*	31/12/2016
		Rights			
		800,000	-	-	31/12/2014
		630,000	-	-	31/12/2015
		945,000	-	-	31/12/2016
		1,57,000	-	-	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: 30 January 2014
~~(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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