SEPTEMBER 2015 QUARTERLY REPORT

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

Buck Creek No.1 Mine

- Executed a cornerstone coal sales agreement with LG&E and KU, two of the largest fuel buyers within the Company's initial target Ohio River Market.
- Future contracted coal sales total US$220 million over a 7-year contract period, covering an initial 2-year construction period (2016 to 2017) and a 5-year production period (2018 to 2022).
- Commenced the final bidding process with highly experienced contractors for all major capital items to develop the Buck Creek No.1 Mine.
- The execution of the coal sales agreement and the final construction contracts will allow the Company to accelerate formal negotiations with financiers to fund the development of the Buck Creek No.1 Mine.
- Progressed the Bankable Feasibility Study ("**BFS**") for the Buck Creek No.1 Mine, which is due for completion in the current quarter.

Buck Creek No.2 Mine

- Completed a technical study that highlighted the significant upside value in the proposed Buck Creek No. 2 Mine. This second mine has excellent fundamentals and is expected to be a high margin, very low capex, and short development lead-time project.
- Development of the Buck Creek No. 2 Mine is favored by the shallow depth of the coal seam and the ability to access the coal via a simple box cut and drift design.
- Commenced a Scoping Study for the Buck Creek No.2 Mine following the extremely positive results from the technical study. This study is due for completion in the current quarter.

Corporate

- Completed a 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.
- Paringa's ordinary shares commenced trading in the United States on the OTCQX® Best Market under the symbol "PNGZF", enabling new and existing US investors to trade Paringa's ordinary shares in US dollars during normal US trading hours.
- At September 30, 2015 Paringa had cash reserves of approximately A$5.4 million, with no debt.

Next Steps

- Complete final bidding process for all major capital items and determine final capital development costs for the Buck Creek No.1 Mine.
- Progress detailed discussions with equity and debt financiers to fund the construction of the Buck Creek No.1 Mine.
- Complete the BFS for the high margin, low capex Buck Creek No.1 Mine.
- Complete the Scoping 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
President & CEO

Nathan Ainsworth
Vice-President of Business Development

Execution of Coal Sales Agreement

Subsequent to the end of the quarter, Paringa announced that it has executed a "cornerstone" coal sales agreement with Louisville Gas and Electric Company and Kentucky Utilities Company ("**LG&E and KU**") for future coal sales from the proposed Buck Creek No.1 Mine, totaling US$220 million of contracted sales.

Key fixed coal sales and fixed pricing terms of the coal sales agreement are summarized as follows:

Table 1: Summary of Key Terms (with 11,800 btu/lb Equivalent Calculation and Buck Creek No.1 Operating Costs)

Year	Contracted Production	Fixed Contract Price (FOB Barge; 11,200 btu/lb)	*11,800 btu/lb Equivalent Calculation[1] (FOB Barge)*
2018	**750,000 tons**	**US$44.50 per ton**	*US$46.88 per ton*
2019	**1,000,000 tons**	**US$45.50**	*US$47.94*
2020	**1,000,000 tons**	**US$46.30**	*US$48.78*
2021	**1,000,000 tons**	**US$47.25**	*US$49.78*
2022	**1,000,000 tons**	**US$48.20**	*US$50.78*
Buck Creek No.1 Mine "All-in" Operating Costs per ton[2]		US$30.19 per ton	

(1): Calculation of the 11,800 btu/lb equivalent price is = ((11,800 / 11,200) x price)
(2): Represents the average "all-in" operating costs per ton during the steady-state production as per the Pre-Feasibility Study released March 2015

Paringa is expected to begin production at the Buck Creek No.1 Mine in 2018, reaching full production of 3.8mtpa by approximately 2020. Under the coal sales agreement, Paringa is contracted to deliver a total of 4.75 million tons over a 5-year period of its 11,200 btu/lb product, with 750,000 tons to be delivered in 2018 and 1,000,000 tons to be delivered in each year from 2019 to 2022.

The Buck Creek No.1 Mine's direct barge access to the Green and Ohio River systems provides a significant transportation advantage. The LG&E and KU coal sales agreement calls for fixed sales prices based on a Free-on-Board ("**F.O.B.**") Buck Creek No.1 Green River Barge Price", which is equivalent to a price for selling coal at the end of the Buck Creek No.1 Mine's conveyor belt at the Green River barge load-out facility.

The contracted fixed coal sales prices for Paringa's 11,200 btu/lb coal spec begins at US$44.50 per ton in 2018, escalating to US$48.20 per ton in 2022. By adjusting for heating content, the equivalent 11,800 btu/lb coal price implied under this coal sales agreement is US$46.88 for 2018, increasing to US$50.78 by 2022.

Provided below is a comparison of the five year (2018 to 2022) weighted average 11,200 btu/lb LG&E and KU contract prices to the PFS sales price assumptions which were adjusted for Paringa's blended 11,200 btu/lb coal product in the PFS:

Table 2: Comparison of LG&E and KU, and PFS Model Weighted Average Contract Prices

Year	LG&E and KU Weighted Average Contract Price (FOB Barge; 11,200 btu/lb)	PFS Model Weighted Average Price (FOB Barge; 11,200 btu/lb)	Difference
2018 - 2022	US$46.45 per ton	US$47.40 per ton	(2%)

The LG&E and KU agreement includes standard project development milestones that are in line with the proposed Buck Creek No.1 Mine construction program. During this construction period, LG&E and KU will progressively monitor Paringa's performance in meeting these milestones. If the Company fails to achieve the relevant milestones, then LG&E and KU may terminate the agreement and the Company shall have no further obligations.

Final Bidding Process for Major Capital Items

During the quarter, Paringa commenced the final bidding process for all major capital items to develop the Buck Creek No.1 Mine with highly experienced local contractors. The Company conducted a tendering process for all major capital items as part of the recently released Pre-Feasibility Study ("**PFS**") for the Buck Creek No.1 Mine. The Company has now entered into the final construction bidding process which will result in the execution of construction contracts.

The process includes the submittal of bid-packages with detailed engineering designs and draft construction contracts to a large pool of qualified contractors. The key construction bid packages for the development of Buck Creek No.1 Mine are as follows:

Table 3: Buck Creek No.1 Mine - Key Construction Bid Packages

Substation & Electrical	Mine Site Earthworks	Coal Preparation Plant
Materials Handling	Slope (i.e. Decline)	Vertical Shaft
Mine Fan & Hoist	Overland Belt & Barge Load-Out	Other Surface Facilities

Execution of the construction contracts will allow the Company to accelerate formal negotiations with financiers to fund the development of the Buck Creek No.1 Mine. Results of the final construction bidding process will also be incorporated in the BFS due to be completed in the current quarter.

Bankable Feasibility Study for Buck Creek No.1 Mine

During the quarter, the Company progressed the BFS for the Buck Creek No.1 Mine located north of the proposed Buck Creek No.2 Mine and within the Buck Creek Mining Complex.

The Buck Creek No.1 Mine has the potential to be a high margin coal mine, initially supplying to the Ohio River market. The BFS is due for completion in the current quarter and it is proposed construction at the Buck Creek No.1 Mine to begin during the first quarter of 2016.

Scoping Study for Buck Creek No.2 Mine

During the quarter, the Company commenced a Scoping Study on the Buck Creek No. 2 Mine, positioned south of the Buck Creek No. 1 Mine and within the Buck Creek Mining Complex.

This second mine has excellent fundamentals and is expected to be a high margin, very low capex, and short development lead-time project. This development is favoured by the shallow depth of the coal seam and the ability to access the coal via a simple box cut and drift design

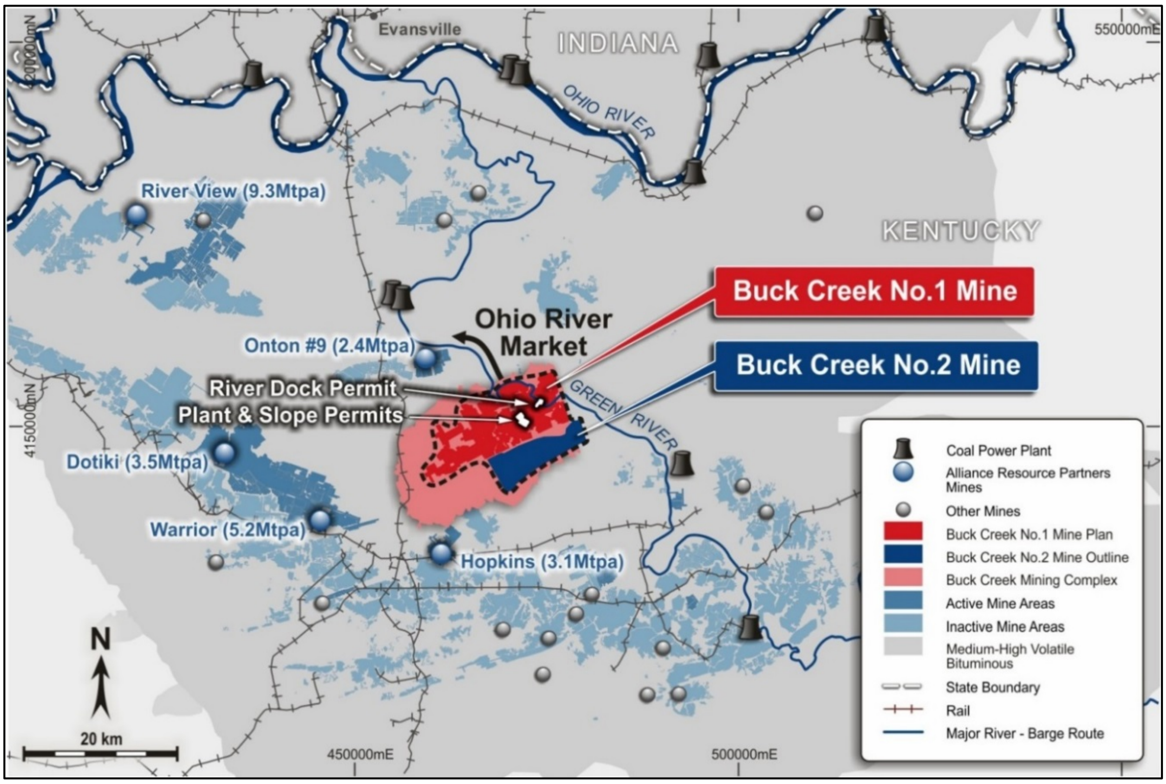


Figure 1: Buck Creek No.1 and No.2 Mine

Proposed Coal Seam Access at Buck Creek No.2 Mine

During the quarter, Paringa completed the initial design of the mine development and coal seam access for the proposed Buck Creek No.2 Mine, which is located within the Company's 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.

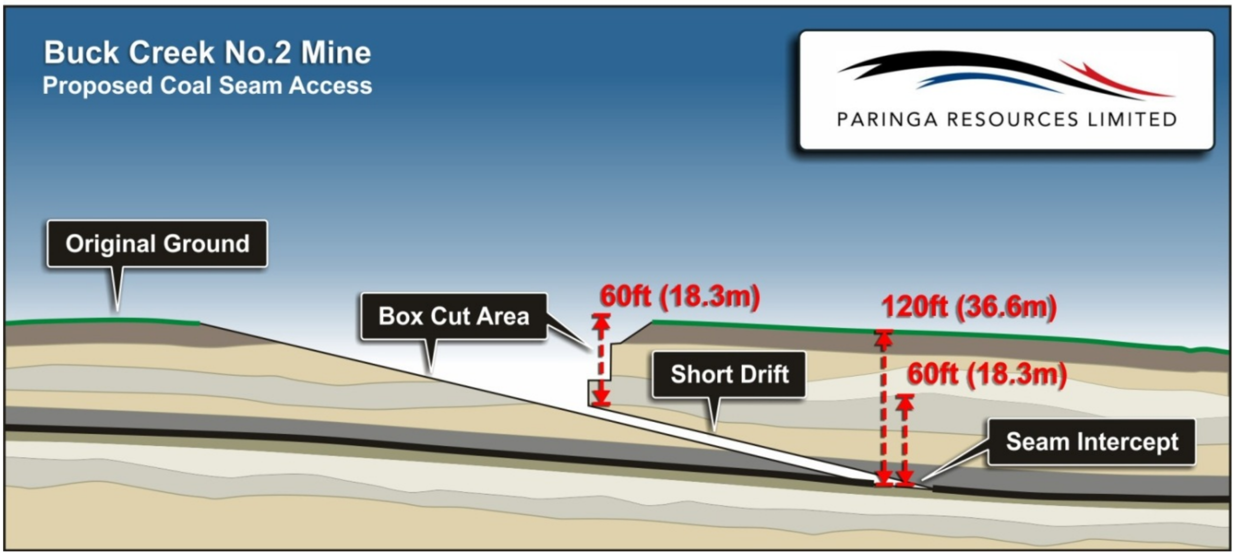


Figure 2: Cross-Section of Recent Development Drill Holes at Buck Creek No.2 Mine

Due to the shallow depth of the WK No.9 coal seam from the surface (approximately 100 to 125 feet at the eastern edge of the proposed mine plan area), access to the proposed Buck Creek No. 2 mine will be provided by a combination box cut and drifts for ventilation, transport of personnel, materials and Run of Mine ("**ROM**") coal. This box cut and drift design will be incorporated into the Scoping Study that the Company is currently completing for the Buck Creek No.2 Mine.

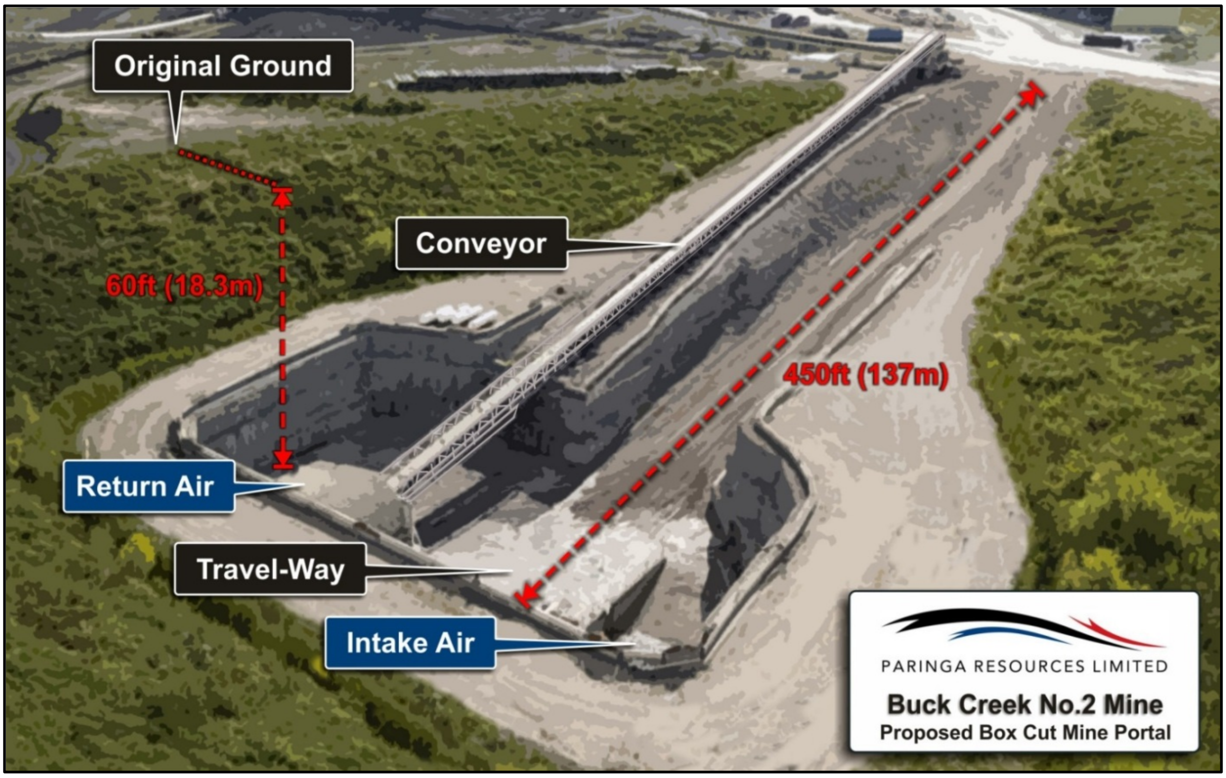


Figure 3: Top View of Proposed Box Cut and Four Drift Portals at Buck Creek No.2 Mine

The Buck Creek Mining Complex has over 1,200 coal seam intercepts providing a significant level of understanding of the Western Kentucky No.9 ("**WK No.9**") coal seam within the property. Earlier in the year, Paringa completed a seven-hole development drilling program at the Buck Creek No.2 Mine to assist with the initial engineering design and orientation of the planned mine portal.

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.

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:

- Complete final bidding process for all major capital items and determine final capital development costs for the Buck Creek No.1 Mine;

- Progress detailed discussions with equity and debt financiers to fund the construction of the Buck Creek No.1 Mine;

- Complete the BFS for the high margin, low capex Buck Creek No.1 Mine; and

- Complete the Scoping Study on the Buck Creek No.2 Mine and assess other mine development opportunities within the Buck Creek Mining Complex.

CORPORATE

Capital Raising

During the quarter, the Company completed 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 July 30, 2015 and 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 was completed following shareholder approval at a General Meeting held on September 3, 2015.

Commencement of Trading on the OTCQX

During the quarter, the Company's ordinary shares commenced trading in the United States on the OTCQX® Best Market under the symbol "PNGZF". Trading in the US will enable new and existing US investors to trade Paringa's ordinary shares in US dollars during normal US trading hours.

Trading on OTCQX will provide the Company with greater access to US capital markets as it continues to progress the development of its Buck Creek Mining Complex located in the US, including the financing and construction of its Buck Creek No.1 Mine. In addition, Paringa will be able to maintain regular disclosure that is in line with the reporting requirements of the Company's primary market, the ASX, where the Company's ordinary shares will continue to trade under the symbol "PNL."

Cash Position

Paringa is in a strong cash position with cash reserves of approximately A$5.4 million and no debt.

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.

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

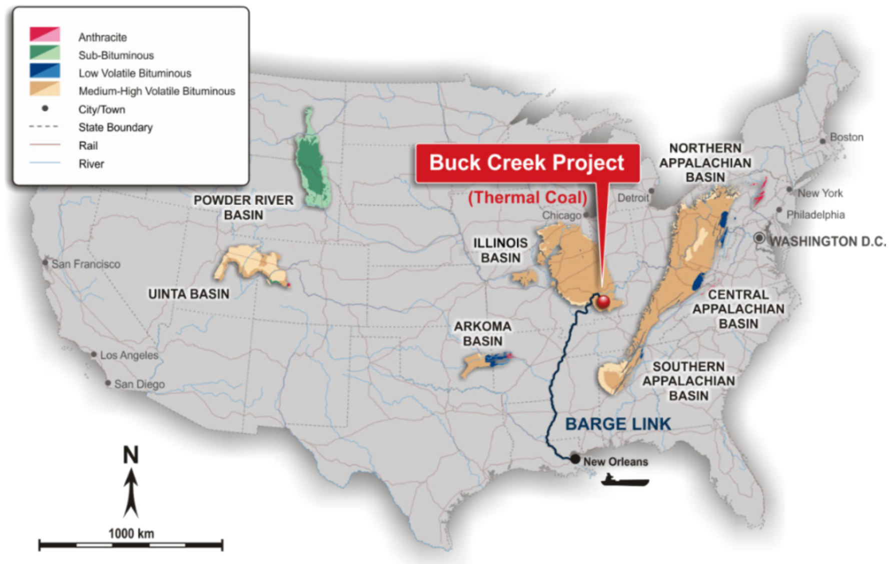
The Buck Creek Mining Complex is located in the Western Kentucky region of the Illinois Coal Basin ("**ILB**") which is one of the most prolific coal producing regions in the United States. Paringa controls over 34,556 gross acres (~13,988 ha) of coal leases within an area of interest of approximately 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 Project'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)					**Coal 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.



Location of the Buck Creek Mining Complex

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 March 17, 2015 entitled 'Paringa Delivers Exceptional Pre-Feasibility Study at the Buck Creek No.1 Mine' and February 25, 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 SEPTEMBER 2015

Consolidated statement of cash flows

	Cash flows related to operating activities	**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration & evaluation	(997)	(997)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(237)	(237)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	19	19
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material):		
	(a) Investor relations	(84)	(84)
	(b) Corporate advisory costs	(71)	(71)
	Net Operating Cash Flows	**(1,370)**	**(1,370)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	(97)	(97)
	(b) equity investments	-	-
	(c) other fixed assets	(73)	(73)
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	-	-
	Net investing cash flows	**(171)**	**(171)**
1.13	Total operating and investing cash flows (carried forward)	(1,541)	(1,541)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,470)	(1,470)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	5,100	5,100
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	(298)	(298)
	Net financing cash flows	**4,802**	**4,802**
	Net increase (decrease) in cash held	**3,261**	**3,261**
1.20	Cash at beginning of quarter/year to date	2,104	2,104
1.21	Exchange rate adjustments to item 1.20	8	8
1.22	**Cash at end of quarter**	**5,373**	**5,373**

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	78
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	1,800
4.2	Development	-
4.3	Production	-
4.4	Administration	80
	Total	**1,880**

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	351	141
5.2	Deposits at call	5,022	1,963
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**5,373**	**2,104**

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				

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**	153,816,667	153,816,667	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	15,000,000	15,000,000	$0.34	$0.34
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 7,500,000 Rights 1,082,333 1,150,000 2,326,000 3,788,334	 - - - - - - - - -	*Ex. price* $0.30 $0.30 $0.20 $0.45 $0.50 - - - -	*Expiry date* 31/08/2017 31/12/2016 31/12/2016 30/06/2018 31/07/2018 31/12/2015 30/06/2016 31/12/2016 31/12/2017
7.8	Issued during quarter	Options 7,500,000	 -	*Ex. price* $0.50	*Expiry date* 31/07/2018
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: 28 October 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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