PARINGA RESOURCES LIMITED

January 28, 2015

DECEMBER 2015 QUARTERLY REPORT

Paringa Resources Limited ("**Paringa**" or "**Company**") (**ASX:PNL**) is pleased to present its quarterly report for the period ending December 31, 2015. Highlights during, and subsequent to, the quarter include:

Buck Creek No.1 Mine

- Completion of a Bankable Feasibility Study ("**BFS**") at Buck Creek No.1 Mine, highlights as follows:
  - Average Annual Production of 3.8 million tons
  - Average Annual EBITDA of US$87 million (A$121 million)
  - Low Capex of only US$105 million
  - Low Opex FOB barge of US$29.37 per ton
  - BFS earnings results based on an executed sales contract with a major utility
  - All major environmental permits received to commence construction
- 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).
- Completed final bidding process with highly experienced contractors for all major capital items to develop the Buck Creek No.1 Mine, resulting in a 17% reduction in capex reported in the Pre-Feasibility Study.

Buck Creek No.2 Mine

- Finalized the Scoping Study for the Buck Creek No.2 Mine following the extremely positive results from the technical study. The Scoping Study will be released in the coming days.
- 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.

Corporate

- Appointed highly respected New York-based fund manager, Mr Jonathan Hjelte, as a Non-Executive Director of Paringa and Mr David Chapman stepped down as Non-Executive Director.
- Mr Hjelte has extensive experience in investment and portfolio management specializing in the mining, utilities, and energy sectors at some of the most notable investment funds in New York.
- At December 31, 2015 Paringa had cash reserves of approximately A$3.7 million, with no debt.

Next Steps

- Complete the Scoping Study on the Buck Creek No.2 Mine and assess other mine development opportunities within the Buck Creek Mining Complex.
- Continue discussions with utilities along the Ohio River for additional future coal sales.
- Progress detailed discussions with equity and debt financiers to fund the construction of the Buck Creek No.1 Mine.

For further information contact:

David Gay
President & CEO

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VP, Business Development

BUCK CREEK NO.1 MINE

Completion of the BFS

During the quarter, Paringa completed a BFS on the Buck Creek No.1 Mine. The BFS was prepared in accordance with JORC Code 2012 Edition ("**JORC Code**") and National Instrument NI 43-101 'Standards of Disclosure for Mineral Projects' ("**NI 43-101**").

Utilizing the Project's Marketable Ore Reserve Estimate of 63.5 million tons of coal, the Project can support production of 5.2 million tons per annum ("**Mtpa**") Run-of-Mine ("**ROM**") coal yielding approximately 3.8Mtpa of saleable clean coal at steady state production.

The low capex, high margin Project is expected to achieve average earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") of US$87 million per annum (steady state) with average annual total operating costs (steady state; inclusive of royalties and severance taxes) of US$29.37 per ton Free On Board Barge ("**FOB Barge**") at the Project's barge load-out facility.

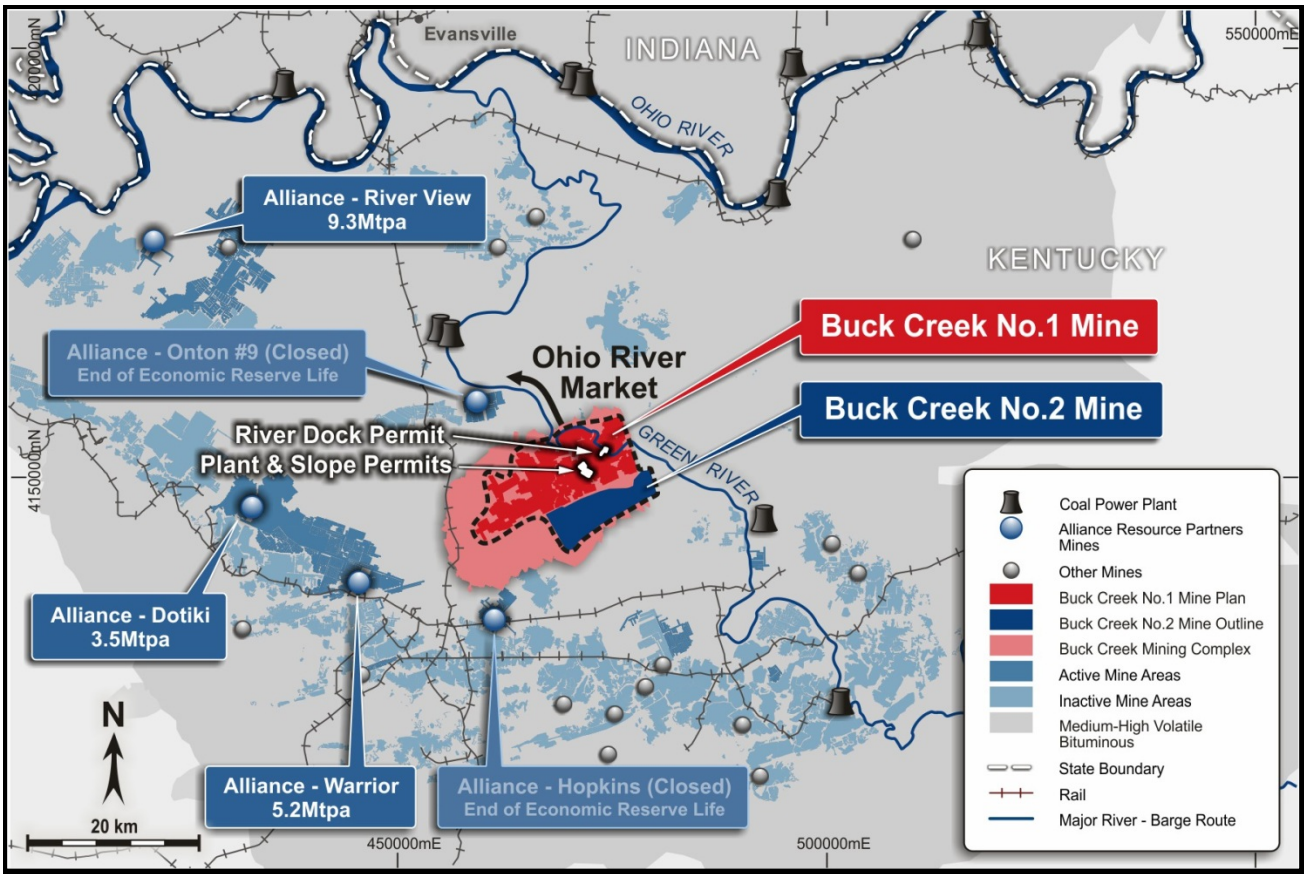


Figure 1: Buck Creek No.1 Mine Plan and Buck Creek No.2 Mine Layout

Comparison of Results from BFS and PFS

Compared to the results of the Pre-Feasibility Study ("**PFS**") released in March 2015, the BFS results show a significant decrease in the total initial capital by US$23 million to US$105 million as a result of conducting a competitive bidding process with a large pool of local contractors experienced in developing coal mines in the Illinois Basin. With an additional 10% contingency, the total capital figure increases to US$115 million.

In addition, the BFS results indicate a slight reduction in the average annual operating costs (FOB Barge) of US$0.82 to US$29.37 per ton as a result of a reduction in leased equipment costs (on a per ton basis), reduction in employee benefits insurance costs and the assumed removal of the vendor override royalty (0.5%) as part of the re-negotiation of the remaining vendor payments announced to the Australian Securities Exchange ("**ASX**") on 2 June 2015. Note, Paringa has not included the final vendor payments within the total initial capital of US$105 million, however will account for the final vendor payments within the total financing requirement currently negotiated with US debt and equity financiers.

A comparison of the results from the BFS and PFS are as follows:

Table 1: Comparison of Scoping Study and PFS

Item	BFS	PFS
Average Annual Production (Steady State)	3.8 Mtpa	3.8 Mtpa
Average Sales Price Received (FY18)	US$45.99 /t	US$47.36 /t
Average Sales Price Received (FY35)	US$55.63 /t	US$55.63 /t
Total Operating Costs (FOB Barge) (Steady State)	US$29.37 /t	US$30.19 /t
Average Annual EBITDA (Steady State)	US$87 million	US$81 million
Total Initial Capital	US$105 million	US$127 million

US$220 Million Cornerstone Long Term Contract Secured

During the quarter, Paringa executed its "cornerstone" coal sales agreement with LG&E and KU for future coal sales from the proposed Buck Creek No.1 Mine, totaling US$220 million of contracted sales.

Based on feedback from Paringa's potential "tier-1" customers within the Ohio River Market, the Buck Creek No.1 Mine's Coal Handling and Preparation Plant was redesigned as part of the Pre-Feasibility Study ("**PFS**") released to the ASX in March 2015, to produce both a fully-washed and a blended product. It is estimated that 30% of total sales from the Buck Creek No.1 Mine will be a fully washed 11,800 btu/lb product and 70% of total sales will be a 11,200 btu/lb product.

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.

Table 2: Summary of Key Terms

Year	Contracted Production	Fixed Contract Price (FOB Barge; 11,200 btu/lb)
2018	**750,000 tons**	**US$44.50 per ton**
2019	**1,000,000 tons**	**US$45.50**
2020	**1,000,000 tons**	**US$46.30**
2021	**1,000,000 tons**	**US$47.25**
2022	**1,000,000 tons**	**US$48.20**
Buck Creek No.1 Mine "All-in" Operating Costs per ton		US$29.37 per ton

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 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.

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.

LG&E and KU are two of the largest fuel buyers within the Company's initial target Ohio River Market, and are subsidiaries of PPL Corporation, a diversified US energy company that has a market capitalisation of approximately US$22.6 billion (NYSE: PPL).

Coal Sales Marketing Strategy Going Forward

Paringa will continue contracting additional coal sales with utilities in the Ohio River Market as the Company moves towards production in 2018. Paringa has been added to the "Qualified Bidders List" of all utilities within the Ohio River Market and will participate in all future solicited bids during the North American spring and fall solicitation periods. In addition, Paringa has begun approaching utilities to make unsolicited offers for future coal sales.

Over the coming months, the Company will add resources to its coal sales and marketing team to build relationships with utilities within the South East Market, a growing market for Illinois Basin coal. Provided below is an overview of Paringa's initial target Ohio River Market and the expanding South East Market.

Realistic BFS Sales Price Assumptions

Paringa has adopted the LG&E and KU long term contract prices for the Project's Blended Product (11,200 Btu/lb) for the BFS from 2018 to 2022. Hanou Energy Consulting, LLC's latest Illinois Basin coal price forecast has been adopted for the Project's Fully Washed Product (11,800 btu/lb) for years 2018 to 2035 and for the Blended Product (11,200 btu/lb) for years 2023 to 2035. A selection of the sales prices used in the BFS for Paringa's Fully Washed and Blended Products for the years 2018 to 2035 are summarised in the table below:

Table 3: Selected Average Sales Forecasts (US$ per ton)

Project Coal Specification	2018	2019	2020	2025	2030	2035
Fully Washed (11,800 Btu/lb)	49.46	49.92	50.39	52.81	55.35	58.03
Blended (11,200 Btu/lb)	44.50	45.50	46.30	49.64	52.06	54.60

Low Operating Costs

Based on results of the BFS, the average annual operating costs per clean ton of coal during steady state production ("all-in cash costs") is approximately US$29.37 per ton (FOB Barge), including the cost of leased mining equipment, royalties and severance taxes. The average operating cost adopted in the BFS has been reduced by US$0.82 from the PFS equivalent operating cost.

Table 4: Low Operating Costs

Average Annual Operating Costs (Steady State)	BFS (US$ per ton)	PFS (US$ per ton)	Variance (US$ per ton)
Labor and Benefits	7.46	7.71	(0.25)
Operating & Maintenance	9.33	9.40	(0.07)
Power & Utilities	0.91	0.97	(0.06)
General & Administration	0.81	0.78	0.03
Leased Equipment	1.71	1.85	(0.14)
Sub-total Direct Mining Costs	**20.22**	**20.69**	**(0.47)**
CHPP & Barge Load-Out Facility	3.45	3.51	(0.06)
Taxes & Insurance	1.37	1.29	+0.08
Royalties (Average rate of 4.1%)	2.01	2.37	(0.36)
Severance Taxes	2.32	2.32	-
Average Annual Operating Costs	**29.37**	**30.19**	**(0.82)**

The reduction is largely due to a projected reduction in employee health insurance costs and the assumed removal of the vendor override royalty (0.5% of gross sales value) as part of the re-negotiation of the remaining vendor payments announced to the ASX on 2 June 2015.

Note, Paringa has not included the final vendor payments within the total initial capital of US$105 million, however will account for the final vendor payments within the total financing requirement currently negotiated with debt financiers.

Capex: Final Bidding Process Completed

During the quarter, Paringa received competitive bids for all major capital items in the BFS for the construction and development of the Project. These bids were received as a result of an extensive six month contract negotiation and bidding process for all major capital items including site development, electrical substation and infrastructure, slope (decline) construction, shaft excavation, mine fan and escape hoist, surface facilities, coal preparation plant, materials handling, overland conveyor belt and barge load-out facility.

Due to the competitive bidding process between several highly experienced contractors, there has been a significant saving to the quotes used in the initial total capital estimate for the PFS. This is an indication of the availability of highly experienced coal industry contractors and the competition among contractors to win mine development work in the Illinois Basin.

Total initial capital is estimated at US$105 million which includes the cost of surface property, surface and underground mine development and infrastructure estimated at US$61 million and the cost of a 700 tph wash plant, barge load-out and surface facilities of US$44million. The total initial capital cost with an added 10% contingency reserve is US$115 million. Sustaining capital for the mine, mine site infrastructure and CHPP have been estimated at US$1.28 per ton.

A comparison of the Project's major capital cost items adopted in the BFS and PFS is shown below:

Table 5: Comparison of BFS and PFS Major Capital Item Costs

Capital Item	BFS (US$ million)	PFS (US$ million)	Variance (US$ million)
Project Development	8.82	9.35	(0.53)
Electrical	3.07	3.62	(0.55)
Site Development	2.78	2.83	(0.05)
Surface Facilities	5.05	5.53	(0.48)
Slope	19.31	35.48	(16.17)
Slope Hoist	2.24	0.00	+2.24
Underground Development	3.92	2.76	+1.16
Shaft	6.80	10.50	(3.70)
Slope Belt	5.42	6.59	(1.17)
Fan, Escape and Hoist	1.77	1.66	+0.11
Engineering and Safety	1.47	1.33	+0.14
Sub-total Mine Development	**60.65**	**79.65**	**(19.03)**
Preparation Plant	19.55	18.51	+1.04
Materials Handling	20.14	23.38	(3.24)
River Dock	4.20	4.72	(0.52)
Refuse Disposal	0.10	1.00	(0.90)
Sub-total CHPP and Load-out	**43.99**	**47.61**	**(3.62)**
Total Initial Capital	**104.60**	**127.28**	**(22.68)**

Capital costs for the Buck Creek No.1 Mine have been benchmarked against similar underground mines in the region that mine the Project's WK No.9 coal seam in similar conditions, utilizing identical mining and processing techniques and equipment.

Growing Coal Resource

Paringa previously announced to the ASX (February 2015), an updated Coal Resource Estimate ("**CRE**") of 211 million tons (Measured and Indicated categories) reported in accordance with the JORC Code 2012. For the BFS, the CRE has now increased to 224 million tons (~203 million tonnes) in the Measured and Indicated categories. The updated CRE incorporated results from an additional seven air rotary holes drilled by Paringa in 2015. Drilling has confirmed the WK No.9 seam to demonstrate lateral stratigraphic and coal quality continuity.

Table 6: 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
60.5	163.6	**224.1**	0.7	**224.8**	11,893 Btu/lb	8.4%	92.9%

A total of 194 bore holes were used in the estimation, including 103 Kentucky Geological Survey core holes, 29 Buck Creek Resources LLC core holes, 10 Buck Creek Resources LLC rotary holes, 21 Hartshorne Mining LLC core holes, 4 Hartshorne Mining LLC rotary holes, and 27 gas wells.

The Buck Creek Mining Complex coal resource is in the WK No. 9 coal seam approximately 650 feet below the surface at the proposed mine portal site. The coal seam is flat lying with a modest dip of 2 to 3 degrees generally to the northwest and toward the centre of the bowl-shaped Illinois Coal Basin. Thickness of the WK No. 9 coal seam modelled in the CRE averages approximately 3.8 feet (46 inches), a suitable seam thickness for high-productivity underground mining with approximately 0.7 feet (8 inches) of out-of-seam mining needed to achieve an average mining height of 4.5 feet (54 inches) required for equipment clearance. Seam and mining heights are similar to a number of underground mines in the region.

High Quality Coal

The Project has particularly attractive coal quality properties compared to existing and new mines being developed in the Illinois Basin. On a product basis, after a 4% addition to equilibrium moisture, the coal has a high heat content of 11,855 Btu/lb which compares very favourably with the larger producing mines in the Illinois 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 Illinois Basin.

Table 7: Buck Creek Mining Complex – Coal Quality Specifications								
Raw Proximate Analysis (As Received)						**Washed Core Quality** (Equilibrium Moisture +4%)		
EQ Moisture	Ash	Volatile Matter	Fixed Carbon	Chlorine	HGI	Calorific Value (Btu/lb)	Ash	Yield @ 1.60 Float
6.6%	11.9%	37.1%	44.5%	0.18%	60	11,855	8.4%	92.9%

Ore Reserve Estimate

The Project's Marketable Ore Reserve Estimate of 63.5 million tons of thermal coal has been defined from Recoverable Ore Reserve Estimate of 86.3 million tons. The Marketable Ore Reserve is classified as a Proven and Probable Ore Reserve Estimate, of which 16.5 million tons (or 26% percent) is considered proven and 46.9 million tons (or 74% percent) is considered probable (after the application of all mining factors).

Table 8: Project Ore Reserve Estimate						
Recoverable Coal Reserve (Mt)			Product Yield	Marketable Coal Reserve (Mt)		
Proven	Probable	**Total**	%	Proven	Probable	**Total**
22.49	63.84	**86.33**	73.54%	16.54	46.95	**63.49**

Simple Mine Development Plan

Proposed production from the mine will come exclusively from utilising the room-and-pillar method. The selection of underground room-and-pillar mining is validated by examining the method of mining used by adjacent operations which are some of the highest productivity room-and-pillar mines in the world.

The slope is designed as an 18-foot wide by 18-foot high slope constructed at a 16 degree gradient that measures approximately 2,500 feet in length from the bottom of the box cut to the coal seam. This length includes an allowance for a vertical curve at the bottom of the slope to provide room for a level segment of the slope belt for conveyor transfer points.

A dual-compartment vertical airshaft will be constructed in order to ventilate the mine. One-half of the shaft will be designed for intake (fresh) air, and the other will carry return air which has coursed through the mine. The shaft will be constructed on the permitted surface site by conventional drilling, blasting and mucking from the surface to a depth of approximately 650 feet. The finished (concrete-lined) inside diameter of the shaft will be 24 feet and divided by a concrete wall.

Mining Method

Production will be by room-and-pillar mining with four super-section units with a total of eight continuous miners (i.e. two continuous miners per super-section unit). Each super-section will be equipped with four battery haulers discharging onto a belt feeder/breaker, which provides surge capacity to reduce hauler dump time.

In addition, each super-section will be equipped with two dual-head roof bolting machines to provide roof support in mined entries. The super-sections will also require scoops for clean-up of spillage, and supply cars for distribution of supplies and materials, rockdusting, and other utility purposes.

Coal Seam Access

Access to the proposed mine will be provided by a slope for transport of personnel, materials, and ROM coal, and a two-compartment vertical shaft for mine ventilation. The mine slope (decline entryway from the surface to the coal seam) will accommodate a conveyor belt to transport ROM coal to the surface and a travelway for the transportation of personnel, supplies, and equipment.

Mine Production

The BFS mine plan includes a total production of 86.3 million raw (ROM) tons and 63.5 million clean, marketable tons over an 18-year period. This schedule includes a two-year ramp-up period and a period when production declines (Year 18) as the current mine plan area is depleted. At planned productivity, each super-section will produce approximately 2,300 to 2,400 tons of ROM coal per shift. ROM production for the Project will total approximately 5.2 million tons per year at full production.

Average product yield is estimated at 73.5 percent (which includes direct shipment/preparation plant bypass of approximately 14 percent of the ROM production). This will yield an average of approximately 1,675 to 1,765 tons of clean coal from each unit-shift of production. Annual production will total approximately 3.8 million marketable tons at full production.

Mine Site Infrastructure and Coal Handling & Preparation Plant ("CHPP")

The mine portal, coal preparation plant, and refuse disposal facility will be located in McLean County in the east-central portion of the Property. An overland conveyor will connect the mine and plant to a barge load-out on the Green River, approximately two miles to the northeast along Kentucky Route 138.

Processing

The Project will include a modern, fully integrated, coal preparation plant in order to provide a consistent product, which meets the specifications of its customers. At full production, the coal preparation plant will be capable of processing 5.2 million tons of ROM coal annually, which equates to approximately 3.8 million marketable tons per year. The plant will be scheduled for operation 302 days each year, which represents an average six-day per week work schedule for 52 weeks (less 10 holidays).

Based on feedback from Paringa's potential Tier-1 customers, the Project's CHPP has been redesigned to produce both a fully-washed and blended product as shown below:

- **Product A - Fully Washed Product (11,800 Btu/lb)**

  Raw coal from the underground mine is transferred via conveyor belt to the CHPP for screening and processing. All raw coal is immediately washed and stockpiled as a fully washed, higher heating content 11,800 Btu/lb product. It is estimated that 30% of total sales from the Project will be a fully washed product (Product A) with a preparation plant yield, for this product estimated at 67.1%.

- **Product B - Blended Product (11,200 Btu/lb, 12% Ash)**

  Raw coal from the underground mine is transferred via conveyor belt to the CHPP for screening and processing. Approximately 20% of raw coal bypasses the processing stage and is subsequently blended with fully washed coal. This blended product is stockpiled, separately from Product A, as an 11,200 Btu/lb product with maximum 12% ash. It is estimated that 70% of total sales the Project will be a blended product (Product B) with a preparation plant yield, for this product, estimated at 76.7%.

Materials Handling

Clean coal (originating from the stockpiles located at the preparation plant) will be reclaimed using a system of underground feeders and placed on a 2,000 ton per hour conveyor system. The conveyors, totalling approximately 13,500 feet in length, will run from the plant's clean coal piles over the controlled right-of-way and continue onto the dock site. At the dock site, the conveyor will dump coal into a 500-ton capacity bin which allows the loading of barges without re-handling coal. The bin will be equipped with two feeders allowing trucks to be loaded or coal to be transferred to the barge loader.

Barge Load-Out Facility

The Company holds necessary permits required to construct the barge load-out facility approximately two miles northeast of the Project's plant site. The barge load-out facility will consist of a 500 ton surge bin, a 48-inch wide 170-foot long loading conveyor and a floating work barge. Empty river barges are positioned along the floating work barge by a tug boat and loaded with marketable coal. The loaded barges are then positioned downstream from the load-out facility and anchored along the river bank until they are collected and transported to the customer. The system will have a design capacity of 2,500 tons per hour.

Barge Waterways

The primary market access point for the Project's saleable product is via barge on the Green River. The Green River is part of the Mississippi River System, a 12,350-mile (19,871 km) network of navigable waterways serving much of the Eastern and Midwestern US. On the Mississippi, coal is the largest commodity, by volume, and accounts for over 20 percent of all coal consumed in the US.

The width of the Green River enables a two-by-two arrangement (two-barges wide and two-barges long) for barge tows originating from the Project's barge load-out facility. Standard coal barges are typically 195 feet long, 35 feet wide with a draft of 9 feet and a capacity of 1,500 tons each. Once on the Ohio River, the loaded barges will be fleeted and assembled into larger tows (i.e. 9 to 16 barge tows) to be moved to the coal power plant or export facility.

Permitting

Paringa has two distinct permitted areas for the Project, the plant site and the barge load-out facility. Both areas have all long lead time permits with the exception of a US COE 404 permit modification which adds the new optimised barge load-out site to the existing mine site permit. This permit modification is expected to be issued in the first quarter of 2016 and is not expected to delay the construction of the Project. The surface property rights to develop the mine site are controlled via option agreements and the surface rights to the new optimised barge load-out site and associated conveyor right-of-way are held under a lease with full rights to develop the surface.

Routine permits that have not been submitted will be submitted on an as-needed basis prior to the commencement of construction. The outstanding permits (with the exception of the US COE 404 permit modification discussed above) are not considered to be long lead times and none of the outstanding permits are expected to impose delays to the Project's timeline.

Net Present Value

The (ungeared) Net Present Value ("**NPV**") after tax is US$300 million (A$416 million) at an 8% discount rate (real), and the (ungeared) IRR is 30%. Compared to the PFS released in March 2015, the NPV for the Project has increased by US$33 million as a result of a reduction in initial capital of US$23 million and a reduction in average annual operating costs (steady state production) of US$0.82 per ton.

Table 9: Project Net Present Value		
	BFS	PFS
NPV 8% Real (US$)	US$300 million	US$267 million
NPV 8% Real (A$)	A$416 million	A$371 million

Table 10: Coal Sales Price Sensitivity Analysis					
Adjustment to Coal Sales Forecasts	-10%	-5%	Base Case	+5%	+10%
NPV 8% Real (US$)	US$204m	US$252m	US$300m	US$348m	US$396m
NPV 8% Real (A$)	A$283m	A$350m	A$416m	A$483m	A$550m

Note: assumed US$0.72 per A$1.0

The Project is expected to exhibit levels of profitability that would contribute value to Paringa shareholders. As the domestic coal market in general recovers, there is a strong potential for the Project's strong financial returns to materially improve.

BUCK CREEK NO.2 MINE

Scoping Study

Paringa has begun assessing opportunities to incrementally expand production at the Buck Creek Mining Complex, forming part of a staged multi-project development program.

In August 2015, the Company completed its initial mine development and coal seam access design for the proposed Buck Creek No.2 Mine, located within the Company's Buck Creek Mining Complex and to the south of Buck Creek No.1 Mine's proposed 3.8Mtpa coal operation, which confirmed that this second mine development has the potential to be a low capital cost project due to the relatively shallow depth of the coal seam from the surface at the mine portal.

This mine design has been incorporated into a Scoping Study for the Buck Creek No.2 Mine, the results of which are expected to be released in the coming days.

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 the Scoping Study for the Buck Creek No.2 Mine and assess other mine development opportunities within the Buck Creek Mining Complex;
- Continue discussions with utilities along the Ohio River for additional future coal sales; and
- Progress advanced discussions with equity and debt financiers to fund the construction of the Buck Creek No.1 Mine.

CORPORATE

Board Changes

During the quarter, Paringa announced the appointment of a highly respected New York-based fund manager, Mr Jonathan Hjelte, as a Non-Executive Director of Paringa. Mr Hjelte has extensive experience in investment and portfolio management specializing in the mining, utilities, and energy sectors at some of the most notable investment funds in New York.

Until recently, Mr Hjelte was with Millennium Management LLC, a global investment management firm with approximately US$30 billion in assets under management. Mr Hjelte was responsible for a team of analysts helping manage an equity portfolio focused on a diverse mix of sectors including power and mining. Mr Hjelte is currently on leave prior to commencing a new Portfolio Manager role in New York at one of the largest, most successful alternative investment management firms.

In addition, Mr David Chapman advised during the quarter that he would step down as a Non-Executive Director of Paringa. Mr Chapman is a founding director of the Company and the Board wishes him every success in his future endeavours.

Cash Position

Paringa is in a strong cash position with cash reserves of approximately A$3.7 million and no debt.

EXPLORATION INTERESTS

Buck Creek Coal Leases

At the end of the quarter, Paringa controlled approximately 34,595 gross acres (~14,000 ha) of coal leases in Kentucky, United States which comprise the Buck Creek Mining Complex. The area is controlled by Paringa through approximately 243 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 34,595 gross acres (~14,000 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 224 million tons (~203 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 million tons (or 26 percent) is considered proven and 46 million tons (or 74 percent) is considered probable.

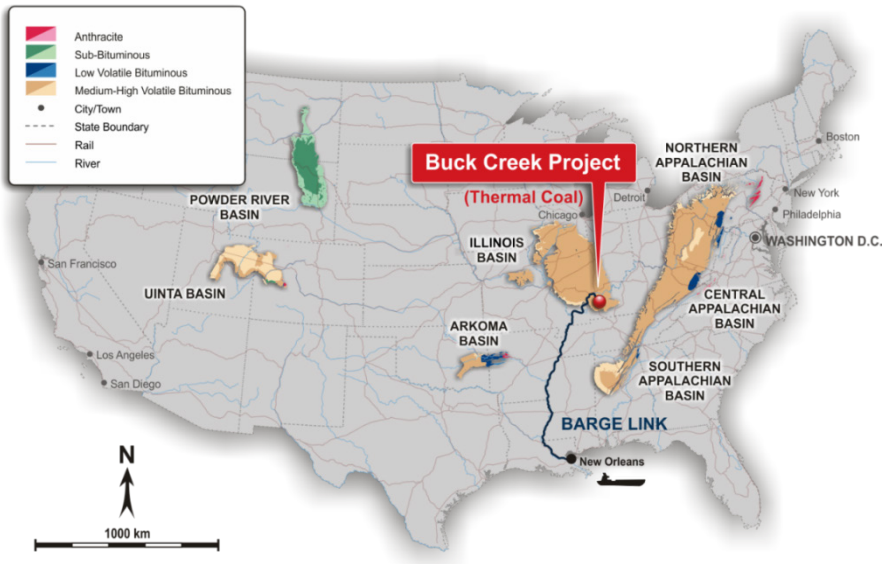
Table 11: Buck Creek Mining Complex – Coal Resource Estimate

CRE Tonnage (Mt)					Product Quality (+4% Eq. Moisture)		
Measured	Indicated	**Total Measured & Indicated**	Inferred	**Total**	Calorific Value	Ash	Yield
60.5	163.6	**224.1**	0.7	**224.8**	11,893 Btu/lb	8.4%	92.9%

Table 12: Project Ore Reserve Estimate

Recoverable Coal Reserve (Mt)			Product Yield	Marketable Coal Reserve (Mt)		
Proven	Probable	**Total**	%	Proven	Probable	**Total**
22.49	63.84	**86.33**	73.54%	16.54	46.95	**63.49**

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 announcement dated December 2, 2015 entitled 'BFS Confirms Buck Creek will be a Low Capex, High Margin Coal Mine' which is available to view on the Company's website at www.paringaresources.com.au.

The information in the original ASX announcement 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 announcement 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 announcement; 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 announcement 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 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 2015

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration & evaluation	(1,082)	(2,079)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(210)	(447)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	29	48
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material):		
	(a) Investor relations	(196)	(280)
	(b) Corporate advisory costs	(32)	(103)
	Net Operating Cash Flows	**(1,490)**	**(2,861)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	(182)	(279)
	(b) equity investments	-	-
	(c) other fixed assets	-	(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	**(182)**	**(352)**
1.13	Total operating and investing cash flows (carried forward)	(1,672)	(3,213)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,672)	(3,213)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	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)
	Net financing cash flows	-	**4,802**
	Net increase (decrease) in cash held	**(1,672)**	**1,589**
1.20	Cash at beginning of quarter/year to date	5,373	2,104
1.21	Exchange rate adjustments to item 1.20	(18)	(10)
1.22	**Cash at end of quarter**	**3,683**	**3,683**

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	68
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	100
	Total	**1,900**

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	374	351
5.2	Deposits at call	3,309	5,022
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**3,683**	**5,373**

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**	154,899,000	154,899,000	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,082,333	1,082,333	-	-
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 7,500,000 500,000 Rights 1,150,000 2,326,000 3,788,334	 - - - - - - - - -	*Ex. price* $0.30 $0.30 $0.20 $0.45 $0.50 $0.50 - - -	*Expiry date* 31/08/2017 31/12/2016 31/12/2016 30/06/2018 31/07/2018 31/12/2018 30/06/2016 31/12/2016 31/12/2017
7.8	Issued during quarter	Options 500,000	 -	*Ex. price* $0.50	*Expiry date* 31/08/2018
7.9	Exercised during quarter	Rights 1,082,333	 -	*Ex. price* -	*Expiry date* 31/12/2015
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 January 2016
(~~Director~~/Company secretary)

Print name: Gregory Swan

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity 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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