

## MARCH 2017 QUARTERLY REPORT

Paringa Resources Limited (“Paringa” or “Company”) (ASX:PNL) is pleased to present its quarterly report for the period ending March 31, 2017. Highlights during, and subsequent to, the quarter include:

### ***Buck Creek Complex – Final BFS Completed***

- Completed an expanded Bankable Feasibility Study (“BFS”) for the Buck Creek Complex, which incorporated a second coal seam at the Poplar Grove Mine.
- Combined development of the permitted 2.8 million tons per annum (“Mtpa”) Poplar Grove Mine, followed by the permitted 3.8 Mtpa Cypress Mine, will elevate Paringa to a strategic 6.6 Mtpa Illinois Basin coal producer.
- The expanded BFS demonstrated a Net Present Value (“NPV”) of US\$655 million (A\$850 million) for the combined development, with initial project capex of only US\$45 million.
- Paringa’s staged mine developments will be supported with long term sales contracts, including a five-year fixed price US\$205 million coal sales agreement already in place with a major regional utility.
- Increased the total Coal Resources for the Poplar Grove and Cypress Mines by 32% from 251 million tons to 333 million tons as a result of the inclusion of a second coal seam.

### ***Poplar Grove Financing Completed***

- Accepted a committed letter of offer from Macquarie Bank Limited to provide a fully underwritten five-year US\$20 million Project Loan Facility (“PLF”) to develop the Poplar Grove Mine.
- Announced a placement of 102 million shares at an issue price of A\$0.52 per share to Institutional and Sophisticated investors to raise A\$53 million (“Placement”).
- The Placement and PLF complete the funding required for the development of Poplar Grove Mine and the Company will now be fully funded to develop the Poplar Grove Mine.

### ***Poplar Grove Construction to Begin Mid-2017***

- Completed the mine permitting process to start construction of the 2.8 Mtpa Poplar Grove Mine, complementing the previously permitted 3.8 Mtpa Cypress Mine.
- Paringa is now ready to begin construction at Poplar Grove around mid-2017, starting with exercising options to acquire the mine site land property, building electrical infrastructure and beginning mine excavation activities.

For further information contact:

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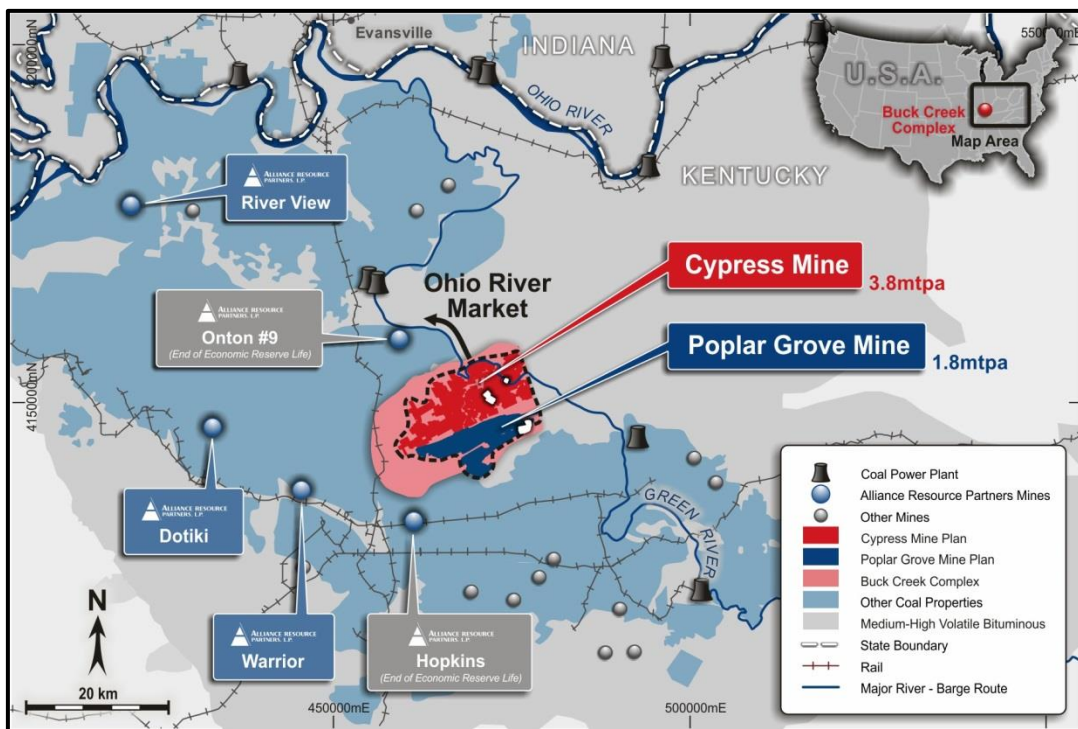
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# BUCK CREEK COMPLEX

Buck Creek coal mining complex (“**Buck Creek Complex**”) is located in the Western Kentucky region of the Illinois Basin which is one of the most prolific coal producing regions in the United States. The Buck Creek Complex, includes two developing mines:

1. **Poplar Grove Mine:** Permitted 2.8 Mtpa thermal coal mine which is now fully financed with construction starting mid-2017 and first coal expected mid-2018; and
2. **Cypress Mine:** Permitted 3.8 Mtpa Cypress Mine with construction set to begin by early 2019.

Provided below is a map of Paringa’s Poplar Grove and Cypress Mines and current and historical coal mining in the Western Kentucky region of the Illinois Basin.



*Map of Buck Creek Complex and Local Mining Operations in Western Kentucky (Illinois Basin)*

The mineral ownership of Paringa’s Poplar Grove and Cypress Mines is unique for the region with Paringa leasing the coal rights from each individual farmer or surface property owner where the mineral rights have not been severed from the surface property. In other parts of the US, mineral rights to coal are generally owned by the federal government or large third party land companies, many of which severed the mineral (coal) from the surface property over one hundred years ago.

Operating coal companies then lease large tracts of coal from the federal government or third party land companies by single lease agreements. This is very different from Paringa’s complex land position which consists of hundreds of smaller individual coal leases from local farmers and residents. The Buck Creek area was not developed by major mining companies due to the amount of work and expense required to identify and lease these many small parcels. Since 2008, the previous vendor group and Paringa have secured a total of 304 individual leases, comprising of a total of over 510 individual property tracts and covering an area totalling almost 40,000 acres.

## Expanded BFS Results

During the quarter, the Company completed an expanded BFS for the Buck Creek Complex, incorporating the expansion of the Poplar Grove Mine to include the Western Kentucky No.11 coal seam (“WK No.11 seam”).

The expanded BFS confirms the Buck Creek Complex’s technical and economic viability, and demonstrates an NPV of US\$655 million (A\$850 million) with initial project capex of only US\$44.7 million. The BFS was prepared to a maximum accuracy variation of +/- 10%.

The expanded BFS has been prepared in accordance with the JORC Code 2012 Edition (“JORC Code”) and National Instrument NI 43-101 ‘Standards of Disclosure for Mineral Projects’ (“NI 43-101”). Paringa has previously released the results of a BFS for the Poplar Grove Mine’s Western Kentucky No.9 coal seam (“WK No.9 seam”) and the Cypress Mine to the Australian Securities Exchange (“ASX”) on 21 November 2016 and 2 December 2015 respectively.

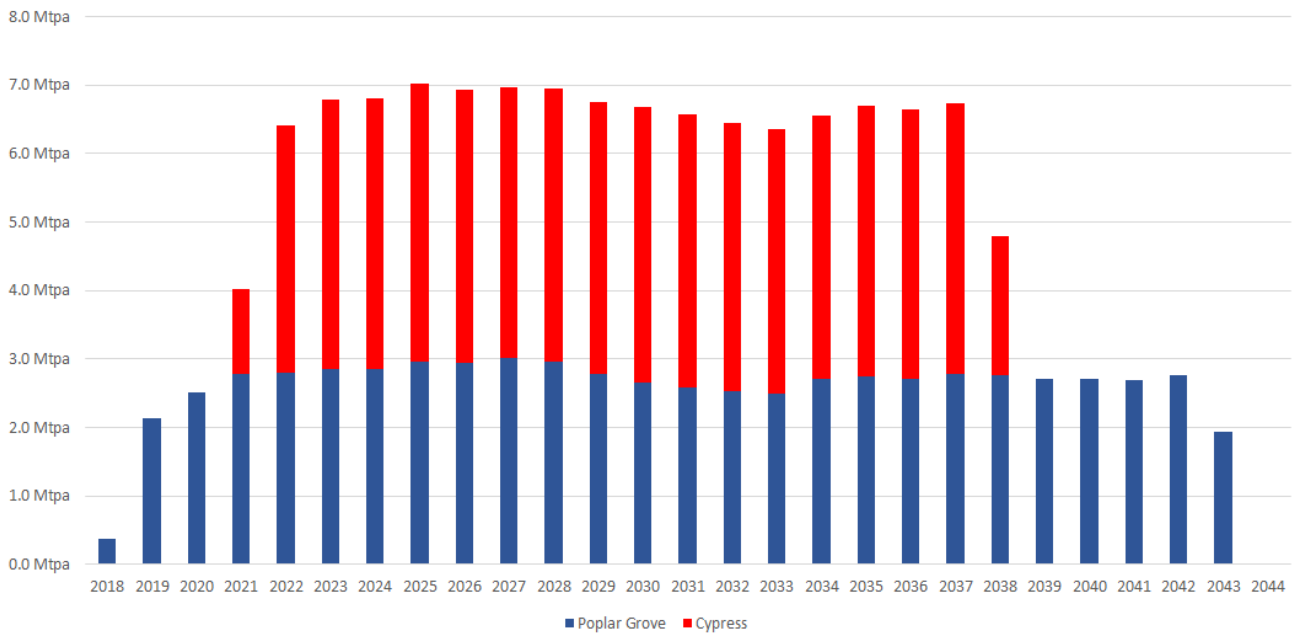
The expanded BFS was managed by Marshall Miller & Associates, Inc. (“MM&A”), with utilisation of local industry consultants who have expertise in coal mine development in the Illinois Basin region. MM&A, previously owned by Cardno Limited, has managed all of Paringa’s technical studies and has over 40 years of expertise in mine engineering, mine reserve evaluation, feasibility studies, and due diligence services for mining and resource projects, particularly in the US coal industry.

Expanded BFS results for the Poplar Grove and Cypress Mines are as follows:

<b>Table 1: Poplar Grove and Cypress Mines Fundamentals</b> <i>(to a maximum accuracy variation +/- 10%)</i>		
	<b>Poplar Grove Mine</b>	<b>Cypress Mine</b>
Average ROM Coal Production Steady State	3.6 Mtpa	5.1 Mtpa
Total ROM Coal Produced Life-of-Mine (“ <b>LOM</b> ”)	89.0 million tons	86.3 million tons
Product Heating Content	11,200 Btu/lb	11,200 Btu/lb
Average Product Yield	76%	77%
Mine Life	25 years	18 years
Average Saleable Coal Production Steady State	2.8 Mtpa	3.8 Mtpa
Total Saleable Coal Produced (LOM)	67.7 million tons	66.2 million tons
Coal Processing Plant Capacity	400 tons per hour	700 tons per hour
Coal Processing Method	Dense Media 2-Stage	Dense Media 2-Stage
Underground Mining Method	Room-and-Pillar	Room-and-Pillar
Construction Start Date	Mid-2017	Q1 2019
First Coal Production Date	Mid-2018	Q1 2021
Ramp-up Period to Full Production	12 months	19 months
Average Annual Operating Costs (steady state)	US\$29.24 per ton	US\$27.37 per ton
Average Annual EBITDA (steady state)	US\$67.1 million	US\$99.6 million

Notes: Steady state production period for Poplar Grove is 2020 to 2042 and for Cypress is 2023 to 2037.

### Buck Creek Production Profile



Production Profile of Developing the Poplar Grove and Cypress Mines (2018 to 2044)

### Buck Creek Development Timetable

Buck Creek	2017				2018				2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Poplar Grove</b>																				
Technical Studies	✓																			
Permitting	✓																			
Financing		✓																		
Construction																				
First Coal (WK No.9)																				
Production (WK No.9)																				
WK No.11 Incline																				
Production (WK No.11)																				
<b>Cypress</b>																				
Construction																				
Commercial Production																				

Development Timeline of the Poplar Grove and Cypress Mines (2017 to 2021)

## **Low Risk Mine Developments**

Paringa's plan is to develop low capital and operating cost mines located near low cost river transportation in the Illinois coal basin, with both mines fully permitted to begin construction.

Once Poplar Grove is constructed, Paringa will make low risk, low cost mine developments to grow its coal production to 6.6 Mtpa and beyond. The Company will underpin this additional growth with long-term sales contracts to ensure that additional capacity investments are low risk and generate high levels of free cash flow. The Company's development plan can be summarized as follows:

- *Begin Construction at Poplar Grove Mine by mid-2017*

Paringa will start initially with the simple, low-cost construction of the 2.8 Mtpa Poplar Grove Mine during 2017, with total initial capital estimated at US\$44.7 million. The construction period of the Poplar Grove Mine is approximately 12 months.

- *Access Poplar Grove's WK No.9 Seam by mid-2018*

Paringa aims to deliver first coal production from the WK No.9 seam during the second quarter of 2018. Poplar Grove's WK No.9 seam will be mined throughout the entirety of the project's 25 year mine life.

- *Access the Poplar Grove Mine's WK No.11 Seam in 2020*

By 2020, Paringa will be accessing the WK No.11 seam from the "northern limb" of Poplar Grove's mine plan, through an incline excavated using continuous mining equipment. Capital for construction of the WK No.11 incline and vertical shafts is approximately US\$15.8 million which will be funded out of Poplar Grove operating cashflow. During the 2033 year, Paringa will also access the WK No.11 from the "southern limb" of Poplar Grove's mine plan.

- *Begin Production at Cypress Mine by 2021*

The Cypress Mine is fully permitted with all technical studies completed (i.e. BFS level). Depending on market conditions, Paringa will begin construction of the Cypress Mine in early-2019, finishing approximately late-2020 with first coal production expect early-2021.

## **Simple Mine Construction and Operations**

The simplicity of the Poplar Grove mine construction, coal mining operations and coal processing techniques provide relatively low execution and operational risks compared to other new mine developments, for example:

- *Simple, quick access to the WK No.9 seam*

Access to the WK No.9 seam at Poplar Grove will be via a low cost box-cut excavation followed by 3 decline drifts excavated using continuous mining equipment.

- *Well understood mining techniques and equipment*

Paringa will be adopting the same mining method, using the same mining equipment, mining the same coal seams as other Illinois Basin producers.

- *Simple coal processing methods*

Due to the similar high qualities of the WK No.9 and WK No.11 coal seams, Paringa will process both seams at the Poplar Grove coal handling and processing plant (“CHPP”) using a 2-stage dense media circuit.

- *Low cost access to Ohio River Market*

After coal processing, clean coal is sampled and delivered to open storage then loaded into trucks for transportation to the permitted Buck Creek barge load-out facility located on the Green River.

### **Low Capex Development**

The total initial capital estimate for the 2.8 Mtpa Poplar Grove Mine includes all major capital items including site development, electrical substation and infrastructure, “box-cut” mine development to access the coal seam, surface facilities, coal preparation plant, materials handling and the Green River barge load-out facility.

Compared to the previous total initial capital estimate of US\$39.9 million, the updated total initial capital for Poplar Grove has increased by US\$4.8 million to US\$44.7 million. The increase accounts for additional capacity required from the materials handling system and the CHPP to achieve the 56% increase in annual production to 2.8 Mtpa (as a result of accessing the WK No. 11 seam).

<b>Table 2: Poplar Grove and Cypress Initial Capital Costs</b>		
<b>Capital Item</b>	<b>Poplar Grove</b>	<b>Cypress Mine</b>
Project Management	US\$5.6	US\$8.8
Mine Development	US\$16.1	US\$51.7
<b>Sub-total Mine Development</b>	<b>US\$21.7</b>	<b>US\$60.5</b>
Coal Preparation Plant	US\$12.2	US\$19.6
Materials Handling	US\$8.6	US\$20.3
Barge Load-Out Facility and Road Upgrade	US\$2.2	US\$1.5
<b>Sub-total CHPP &amp; Load-Out</b>	<b>US\$23.0</b>	<b>US\$41.3</b>
<b>Total Initial Capital Cost</b>	<b>US\$44.7 million</b>	<b>US\$101.8 million</b>

This initial project capital cost, to an accuracy of +/- 10%, excludes any contingencies, working capital and financing costs. Adding in a 10% contingency increases the Total Initial Capital required to construct Poplar Grove to approximately US\$49.2 million.

### **Low Operating Costs**

The Poplar Grove and Cypress Mines’ average annual operating cash costs estimates free-on-board barge (“Opex”) have been built from the “ground-up” using current pricing provided by vendors and contractors. A breakdown of the Opex estimates for both mines is provided below:



<b>Table 3: Poplar Grove and Cypress Mine Operating Costs (US\$ per ton)</b>		
<b>Average Annual Operating Costs (Steady State)</b>	<b>Poplar Grove</b>	<b>Cypress</b>
Labor and Benefits	\$7.18	\$6.92
Operating & Maintenance	\$8.55	\$8.89
Power & Utilities	\$0.95	\$0.87
General & Administration	\$0.71	\$0.52
Leased Equipment	\$1.46	\$1.64
<b>Sub-total Direct Mining Costs</b>	<b>\$18.85</b>	<b>\$18.84</b>
CHPP & Barge Load-Out Facility	\$3.08	\$2.92
Transportation Costs (truck to Green River barge load-out)	\$1.65	-
Taxes & Insurance (includes Severance taxes)	\$3.65	\$3.63
Royalties to Landowners	\$2.01	\$1.97
<b>Average Annual Operating Costs</b>	<b>US\$29.24 per ton</b>	<b>US\$27.37 per ton</b>

### ***Increased Coal Resource Estimate***

During the quarter, the Company completed an updated Coal Resource Estimate (“CRE”) as part of preparing the expanded BFS. The updated CRE was prepared by Marshal Miller and Associates, Inc. (formerly owned by Cardno Inc.) in accordance with the 2012 JORC code.

The CRE has increased by 32% from 251 million tons to 333 million as a result of including coal from the WK No.11 seam identified at Poplar Grove and Cypress Mines. An overview of the total CRE for both the WK No.11 and WK No.9 coal seam at Poplar Grove and Cypress Mines are provided below:

<b>Table 4: Poplar Grove and Cypress Mines Coal Resource Estimate (WK No.9 and No.11 seam)</b>				
<b>CRE Tonnage (tons)</b>				
Measured	Indicated	Total Measured & Indicated	Inferred	Total
103.6 million	228.6 million	332.2 million	0.7 million	332.9 million

The updated CRE incorporated drilling results from new and historical drill holes at the Poplar Grove Mine and Cypress Mine. In total, there are over 1,200 coal seam intercepts at the Poplar Grove and Cypress Mines, providing a significant level of understanding of the WK No.9 and WK No.11 coal seams within the property.

### ***High Quality Coal***

The Poplar Grove and Cypress Mines have highly attractive coal quality properties compared to existing operating mines in the Illinois Basin. On a 100% washed basis, together with a 4% addition to equilibrium moisture, the WK No.11 and WK No.9 coal seams have a high heat content of 12,160 Btu/lb and 11,851 Btu/lb respectively, which compares favourably with the larger producing mines in the Illinois Basin.

Since thermal coal mines are ultimately selling energy, this factor makes the Poplar Grove and Cypress Mines very attractive new sources of energy from the Illinois Basin. An overview of the Raw Proximate

Analysis and Average Washed Core Product Qualities for the WK No.11 and WK No.9 coal seams are provided below:

<b>Table 5: Coal Seam Coal Quality Specifications – WK No.11</b>									
<b>Raw Proximate Analysis (As Received)</b>						<b>Average Washed Core Product Qualities (Float 1.60 SG with Moisture = Equilibrium Moisture +4%)</b>			
EQ Moisture	Ash	Volatile Matter	Fixed Carbon	Chlorine	HGI	Calorific Value (Btu/lb)	Ash	Sulfur	Yield @ 1.60 Float)
4.9%	15.7%	38.6%	40.1%	0.12%	58	12,160	8.5%	3.4%	84.2%

<b>Table 6: Coal Seam Coal Quality Specifications – WK No.9</b>									
<b>Raw Proximate Analysis (As Received)</b>						<b>Average Washed Core Product Qualities (Float 1.60 SG with Moisture = Equilibrium Moisture +4%)</b>			
EQ Moisture	Ash	Volatile Matter	Fixed Carbon	Chlorine	HGI	Calorific Value (Btu/lb)	Ash	Sulfur	Yield @ 1.60 Float)
6.3%	11.7%	37.5%	44.3%	0.15%	60	11,851	8.7%	2.8%	93.3%

### **Increased Ore Reserve Estimate**

During the quarter, Paringa revised the Poplar Grove and Cypress Mines' Marketable Ore Reserve Estimate to 103.8 million tons of thermal coal, defined from Recoverable Ore Reserve Estimate of 135.7 million tons. The Marketable Ore Reserve is classified as a Proven and Probable Ore Reserve Estimate, of which 33.2 million tons (or 32%) is considered proven and 70.6 million tons (or 68%) is considered probable (after the application of all mining factors).

An overview of the total Ore Reserve Estimate for both the WK No.11 and WK No.9 coal seam at Poplar Grove and Cypress Mines is provided below in Table 7:

<b>Table 7: Poplar Grove and Cypress Mines Ore Reserve Estimate</b>						
<b>Recoverable Coal Reserve (Mt)</b>			<b>Product Yield</b>	<b>Marketable Coal Reserve (Mt)</b>		
Proven	Probable	<b>Total</b>	%	Proven	Probable	<b>Total</b>
43.5	92.3	<b>135.7</b>	76.48%	33.2	70.6	<b>103.8</b>

### **Completed Permitting**

During the quarter, the Company completed the mine permitting process for the 2.8 Mtpa Poplar Grove Mine, following receipt of the final federal Surface Mining Control and Reclamation Act ("**SMCRA**") permit. The Company is now fully permitted to begin construction of the low capex Poplar Grove Mine. The permitted Poplar Grove Mine compliments the previously permitted 3.8 Mtpa Cypress Mine which remains "shovel ready".



## **CORPORATE**

### ***US\$20 Million Debt Facility***

In April 2017, the Company accepted a Committed Letter of Offer (“CLOO”) from Macquarie Bank Limited (“Macquarie”) to provide a fully underwritten five-year US\$20 million Project Loan Facility (“PLF”) to develop the Poplar Grove Mine.

Macquarie will also provide a US\$1.7 million Letter of Credit Facility (“LCF”) to allow Paringa to collateralize environmental and other bonding obligations required for the construction and operation of the Poplar Grove mine.

The key terms of the PLF are typical of a facility of this nature, including a floating interest rate comprising the 3 month LIBOR plus a margin of 10.5% pa during construction, falling to a 9.5% margin for the remainder of the loan. The facility can be repaid at the end of any quarterly interest period, throughout the term of the loan, without penalty.

Provision of the facilities are subject to execution of formal documentation and satisfaction of a number of conditions precedent. It is anticipated that the PLF will be drawn in 2018, only after incurring the project equity requirement in developing Poplar Grove.

### ***A\$53 Million Equity Placement***

In April 2017, the Company announced that it has successfully completed a book build and received commitments for a placement of 102 million shares at an issue price of A\$0.52 per share to Institutional and Sophisticated investors to raise A\$53 million.

Proceeds from the Placement will be used to construct the Company’s Poplar Grove Coal Mine located in the Western Kentucky region of the Illinois Basin in the United States and for working capital.

The Placement completes the funding required for the development of Poplar Grove Mine and, together with the recently announced US\$20 million debt facility from Macquarie Bank Limited and existing cash reserves, the Company will be fully funded to develop the Poplar Grove Mine.

Argonaut acted as Lead Manager to the Placement with Hartleys Limited and Curran & Co acting as Co-Managers to the Placement.

### ***Final Vendor Payment***

In April 2017, the Company successfully amended the terms of the final vendor payment required as part of the Company’s original acquisition of the Buck Creek coal leases in 2012 (“Acquisition”). The Acquisition previously required the Company paying a final vendor payment of US\$12 million (“Final Payment”) by March 2018.

The Final Payment has now been reduced to US\$6 million, in return for early payment as follows: (a) US\$2.25 million payable immediately (this has now been paid); and (b) US\$3.75 million payable upon the earlier of 31 December 2017 or the date on which the Company closes on a debt financing that provides sufficient funds for the development, construction and operation of the Poplar Grove Mine.

## **EXPLORATION INTERESTS**

### ***Buck Creek Coal Leases***

During the quarter, Paringa directly leased approximately 771 additional gross acres (312 ha) of coal from individual mineral owners at the Buck Creek Mining Complex.

At the end of the quarter, Paringa controlled 39,797 gross acres (16,105 ha) of coal leases in Kentucky, United States, which comprise the Buck Creek Mining Complex. The area is controlled by Paringa through approximately 304 individual coal leases with private mineral owners.

### ***Arkoma Coal Leases***

At the end of the quarter, Paringa controlled approximately 14,000 gross acres (approximately 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.

## **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 28, 2017 entitled "Expanded BFS Results Confirms Development Pathway to A\$850 million NPV" and December 2, 2015 entitled 'BFS Confirms Buck Creek will be a Low Capex, High Margin Coal Mine' which are available to view on the Company's website at [www.paringaresources.com.au](http://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.

## 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, 01/05/13, 01/09/16

### Name of entity

Paringa Resources Limited

### ABN

44 155 933 010

### Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(417)	(1,330)
(b) development	-	-
(c) production	-	-
(d) staff costs	(595)	(1,495)
(e) administration and corporate costs	(75)	(549)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	42	70
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material):		
(a) investor relations	(291)	(570)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,336)</b>	<b>(3,874)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(5)
(b) tenements (see item 10)	(280)	(652)
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material):		
(a) deferred consideration	(1,302)	(1,967)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,587)</b>	<b>(2,624)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	3	14,926
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(60)	(902)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(57)</b>	<b>14,024</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	10,925	407
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,336)	(3,874)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,587)	(2,624)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(57)	14,024

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(87)	(75)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	7,858	7,858

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	7,858	10,925
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	7,858	10,925

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	258
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments to directors for services and defined contribution plans.

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Not applicable.



8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

After quarter end, the Company accepted a committed letter of offer from Macquarie Bank Limited to provide a five-year US\$20 million secured Project Loan Facility ("PLF") and a US\$1.7 million Letter of Credit Facility ("LCF"). The key terms of the PLF are typical of a facility of this nature, including a floating interest rate comprising the 3 month LIBOR plus a margin of 10.5% pa during construction, falling to a 9.5% margin for the remainder of the loan. Provision of the facilities are subject to execution of formal documentation and satisfaction of a number of conditions precedent.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(500)
9.5 Administration and corporate costs	(500)
9.6 Other (provide details if material):	
(a) project capital expenditure	(5,000)
(b) deferred consideration	(3,000)
<b>9.7 Total estimated cash outflows</b>	<b>(9,000)</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Buck Creek Complex located in Kentucky, USA	Coal leases with private mineral owners	100% (39,027 acres)	100% (39,797 acres)

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 20 April 2017  
(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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.