

21 October 2013

ASX ANNOUNCEMENT



COMMENCEMENT OF DRILLING AT THE BUCK CREEK PROJECT

HIGHLIGHTS:

- *Commencement of a targeted drilling program at the Buck Creek thermal coal project, comprised of nine core holes with geophysical logs and geotechnical analysis*
- *Results will assist in updating the coal quality, washability and geotechnical databases for the Buck Creek Project*
- *Results from drilling, when combined with existing information, will also enable the Company to develop more comprehensive product specifications for its coal marketing activities*
- *Preparation of a maiden Coal Resource Estimate for the Buck Creek Project is progressing rapidly and remains on track to be completed in the December 2013 quarter*

Paringa Resources Limited (“Paringa” or “Company”) is pleased to advise that it has commenced a drilling program at its advanced Buck Creek thermal coal project (“Buck Creek Project”) based in the high growth Illinois Coal Basin (“ILB”) in Kentucky, USA. The Company also holds leases in the underdeveloped low volatile bituminous coking coal Arkoma Basin in Arkansas, USA (“Arkoma Project”).

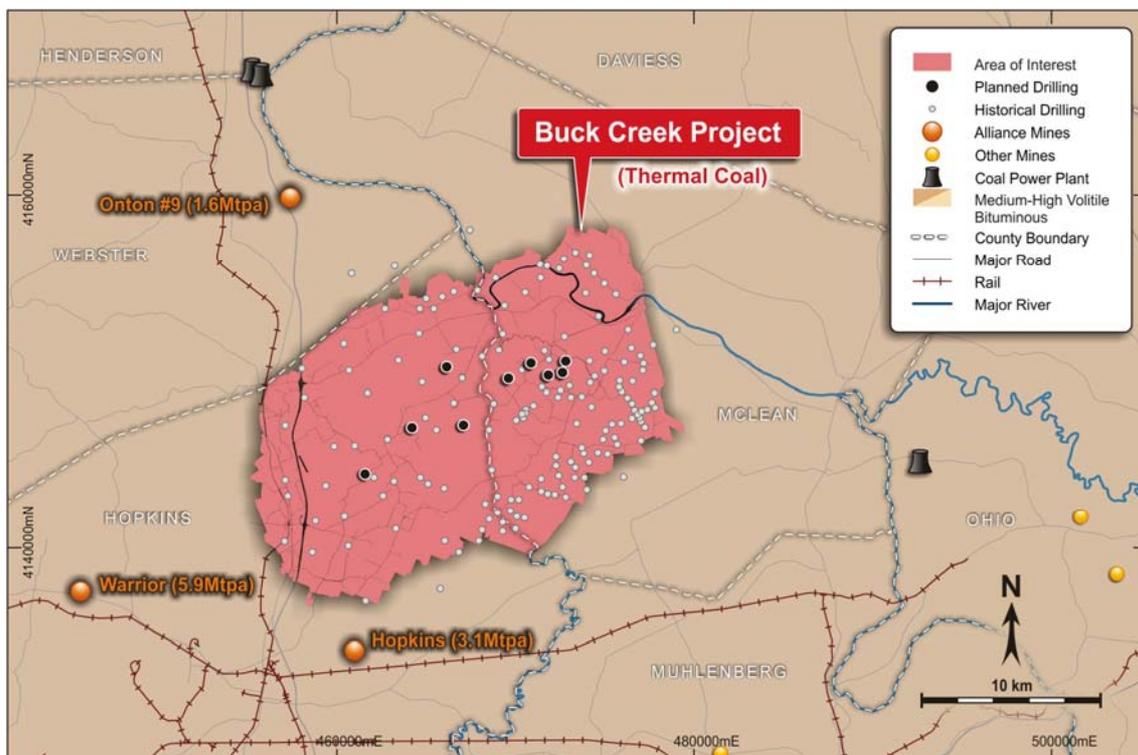


Figure 1: Buck Creek Project and Location of Drill Holes

The new drilling will help expand the existing drilling database for the Buck Creek Project, from which 163 drill holes will be used to define the West Kentucky No.9 coal seam (“**WK No.9**”), including 127 coal core holes, 10 coal rotary holes, and 26 oil and gas wells. The WK No.9 coal seam is the third largest producer of thermal coal in the USA, a country which produced ~1.1 billion tons (~1.0 billion tonnes) during 2012. This database will form the basis for a maiden Mineral Resource Estimate which is expected to be completed in the December 2013 quarter.



Figures 2 and 3: Drill Rig on site at the Buck Creek Project

The current Buck Creek Project drilling program is comprised of nine core drill holes with geophysical logs and geotechnical testing. Drilling will target the WK No.9 seam with the average depth of each drill hole approximately 700ft (~210m). The drilling program is expected to be completed in November 2013.

Results from the current drilling program will provide the following:

- Allow for a full suite of coal quality and washability testing to be performed, providing critical input into the potential yields and product quality;
- Update geotechnical analyses of the project area; and
- Enable the Company to develop more comprehensive product specifications for its coal marketing activities.

Paringa's newly appointed Chief Executive Officer, David Gay said *"The Buck Creek drilling program will provide additional data that will assist us in updating the coal quality, washability, and geotechnical databases of the Buck Creek Project. The Buck Creek Project is one of the few remaining high quality thermal coal projects within the WK No.9 coal seam that is not controlled by one of the major US coal companies. The ability of our US team to begin drilling so quickly reinforces the advantages of operating in the well-resourced, high growth Illinois Coal Basin"*

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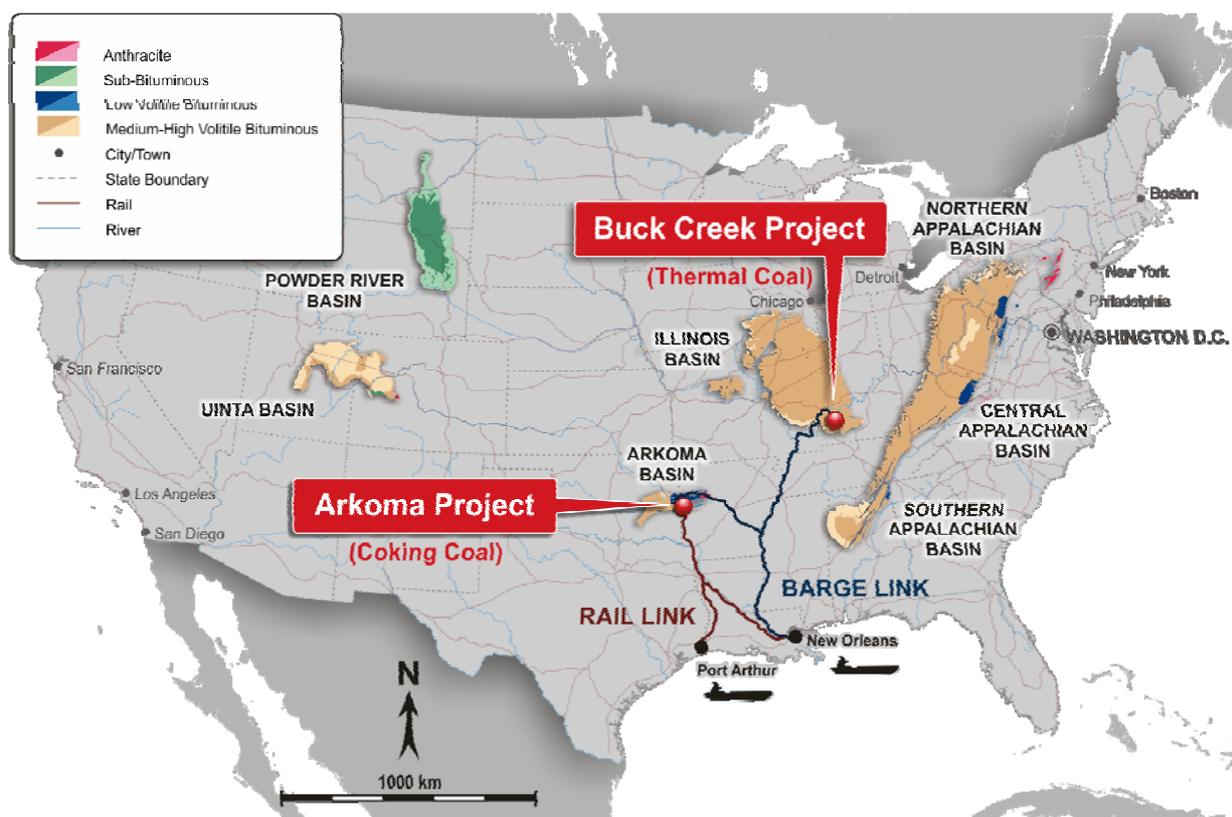


Figure 4: Location of the Buck Creek Thermal and Arkoma Coking Projects

ABOUT THE BUCK CREEK PROJECT

Paringa controls over 25,000 gross acres (~10,000 ha) of coal leases within an Area of Interest (refer to Figure 1) of approximately 69,000 acres (~28,000 ha). The coal leases are situated in the Western Kentucky region of the ILB which is one of the most prolific coal producing regions in the United States. The Buck Creek Project is one of the few remaining high quality thermal coal projects within the WK No.9 coal seam that is not controlled by one of the major US coal companies. Buck Creek coal offers one of the highest quality, highest heating value products in the ILB. The Buck Creek Project is located adjacent to the Green River which provides year round linkage to the Ohio and Mississippi rivers systems which feed domestic coal-fired power plants and coastal export coal terminals in the Gulf of Mexico.

ABOUT THE ARKOMA COKING PROJECT

The Arkoma Project is located in Sebastian County along the Arkansas River Valley in the State of Arkansas, USA. The Company has secured over 14,000 gross acres (~6,000 ha) of coal leases out of an area of interest of approximately 25,000 acres (~10,000 ha). Regional mapping and analysis of past coal production in the Arkoma basin lead to the definition of this high value coking coal target area. Preliminary coal quality testing confirms low volatile hard coking coal, ranking amongst the best hard coking coal products in the world.

Forward Looking Statements

This release may include forward-looking statements. These forward-looking statements are based on Paringa's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Paringa, which could cause actual results to differ materially from such statements. Paringa makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.

Competent Persons Statement

The information in this announcement that relates to Exploration Results is extracted from Paringa's ASX announcement dated 3 September 2013 entitled 'Paringa Acquires Export Quality Thermal and Coking Coal Projects in the USA' 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 was based on information compiled by Mr Kirt W. Suehs, a Competent Person who is a Member of The American Institute of Professional Geologists. Mr Suehs is employed by Cardno MM&A. Mr Suehs has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Paringa confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement. Paringa confirms that the form and context in which the Competent Person's findings are presented in this announcement have not been materially modified from the original ASX announcement.