

MARCH 2018 QUARTERLY REPORT

Paringa Resources Limited (“Paringa” or “Company”) (ASX: PNL) is pleased to present its quarterly report for the period ending March 31, 2018.

Highlights during, and subsequent to, the quarter include:

- Completed excavation and site development works at the Poplar Grove CHPP site area and barge load-out facility on the Green River. Weather conditions have markedly improved and work has commenced to complete the levee system;
- Installation of major processing equipment at the coal handling and preparation plant (“CHPP”) and, apart from the classifying cyclones, is now complete;
- Structural steel erection has been completed up to the roof-line on the CHPP and is 80% complete on the breaker building. In addition, the conveyor structure from the raw coal reclaim feeder to the breaker building has been completed;
- Surface excavation for the slope (decline) is nearly complete and the first shots have now been taken for the decline;
- Unseasonably heavy rains during the quarter caused some of the worst flooding in the local area around Poplar Grove in over 20 years, which resulted in impacts to completion schedule and capital;
- Most of Poplar Grove’s 2018 and 2019 production offtake is contracted with LG&E and KU, and future coal sales contracts are focused on delivery from 2020 onwards. Excellent progress has been made with a wide range of customers;
- Paringa continues to see improvements in the domestic coal market over the medium term due to recent industry rationalization, consolidation and positive regulatory effects;
- Murray Energy Corporation’s recent acquisition of Armstrong Energy Inc further consolidates regional coal production capacity and enhances Paringa’s value to utilities as one of the last remaining independent sources of high quality Illinois Basin (“ILB”) coal outside of the majors;
- US natural gas consumption increased to record levels and continues to outpace increasing gas production. Gas storage levels are now 1,281 Bcf, which is 29% below the 5-year average and down 41% year over year. With increasing gas demand in the chemical and industrial sectors, coupled with the ramp up in US LNG exports and pipeline gas exports to Mexico, we remain optimistic that US gas prices will materially increase and underpin better market conditions for thermal coal;
- The power demand effects of the recently announced Section 232 steel and aluminum tariffs are expected to be material to industrial electricity demand with a range of regional aluminum smelters and steel plants already announcing restarts; and
- US and international coal demand continues to outpace supply and US coal stockpiles have been progressively falling and are now at the lowest levels in years – if these conditions continue, then we could expect to see higher coal pricing as we ramp Poplar Grove to full production.

For further information contact:

Grant Quasha

Managing Director & CEO

gquasha@paringaresources.com

About Buck Creek Complex

Paringa Resources Limited is an emerging U.S. energy provider developing the high margin, low capex Buck Creek Mine Complex (“Buck Creek Complex”) located in the growing Illinois Coal Basin (“ILB”).

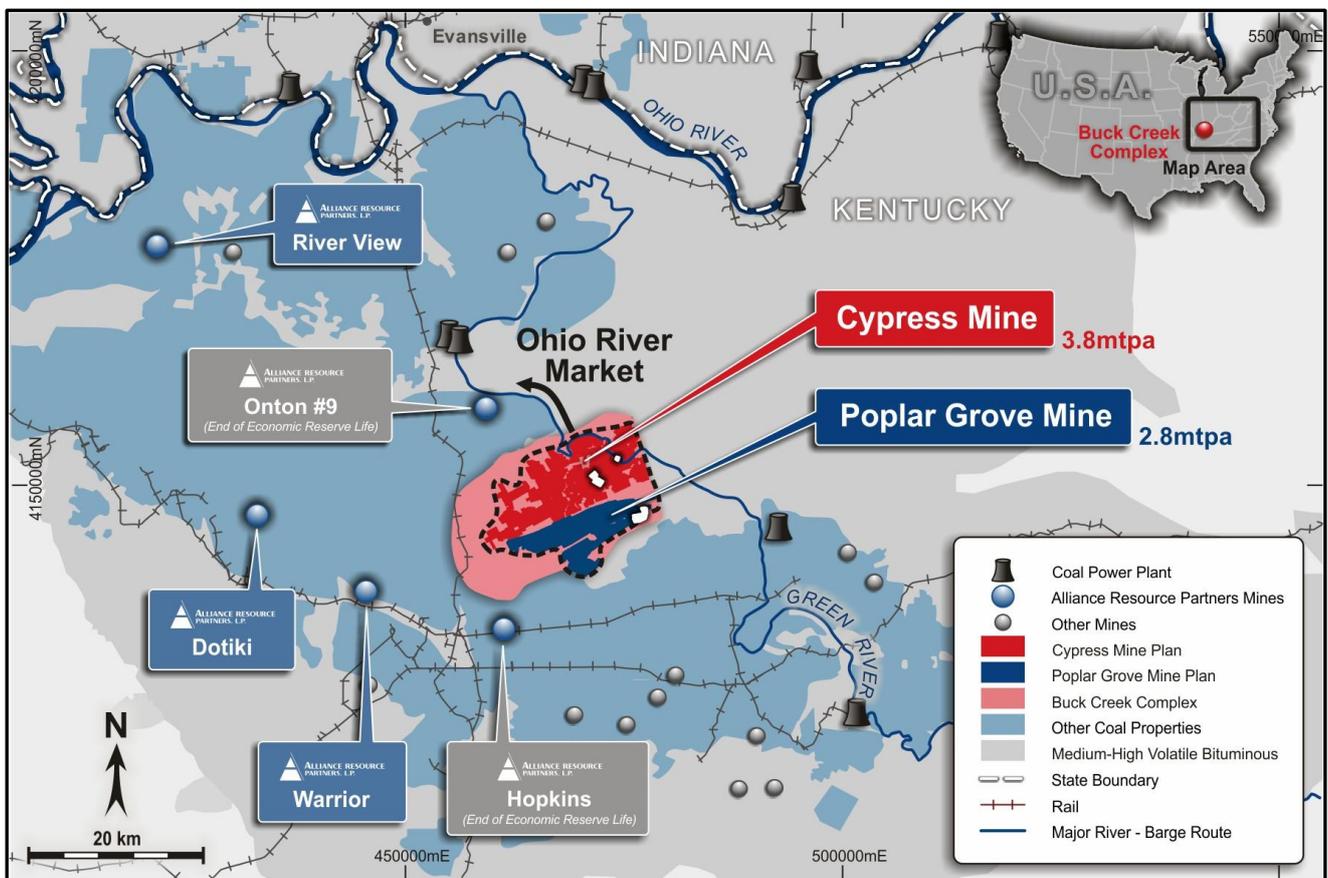
The Buck Creek Complex includes two fully permitted thermal coal mines: (1) the Poplar Grove Mine with planned production of 2.8 million tons per annum (“Mtpa”); and (2) the Cypress Mine with planned production of 3.8 Mtpa.

Construction has now commenced at the fully financed Poplar Grove Mine, with first coal expected to be produced during Q4 2018.

The Group’s objective is to become the next major Illinois Coal Basin producer by developing low capital and operating cost mines located near low cost river transportation in the ILB.

Once the Poplar Grove Mine is constructed, the Group has the potential to make low risk, low cost mine developments to grow its coal production to 6.6 Mtpa and beyond. The Group 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 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.



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

Construction Continues at Poplar Grove



Poplar Grove Construction Works on the Coal Handling & Preparation Plant and the Slope

Major processing equipment (dense media cyclone, spirals, screens, dryers, sumps, and pumps) is installed at the CHPP and surface excavation and development works at the CHPP site are substantially complete. The materials handling system construction is also progressing to plan, with completion of the raw coal reclaim feeder and reclaim tunnel and commencement of installation of the raw and clean coal stacking conveyor systems.

Electrical power is installed to site, with the power line and substation being commissioned on budget and time. The power line, supplying 69kV over 7km, was constructed by Groves Construction of Madisonville, KY and passed the MSHA commissioning inspection. Work constructing the circuit from the substation to the slope construction area is complete and FKC, the slope contractor, is now running on low cost mains power.

Surface excavation of the mine slope (decline) commenced in January, after completion of the final engineering and design of the slope roof support by Keystone Mining Services LLC, an affiliate of Jenmar, the world's premier supplier of roof support for the mining industry. Surface excavation for the slope is nearly complete and the first shots have now been taken for the decline.

Paringa issued purchase orders for underground production equipment to Komatsu Mining (formerly JOY Global), J.H. Fletcher, and other equipment suppliers. Final equipment specifications are complete and manufacturing time slots have been secured with no issues expected with equipment delivery prior to first production. Equipment orders are based on firm pricing commitments.

A competitive equipment finance process is nearing completion with final documentation now well progressed. Materially improved lease rates and terms have been negotiated by agreeing to provide 10% of equipment cost as deposits. This will result in a commensurate reduction in lease costs.

Coal Market Update

Paringa has a strong contracted sales position, with 2018 and 2019 production almost fully committed. Future coal sales contract efforts are focused on delivery from 2020 onwards, and the company is optimistic that improving market conditions - due to recent industry rationalization, consolidation and positive regulatory effects - will provide a platform for improved pricing.

Murray Energy Corporation's recent acquisition of Armstrong Energy Inc further consolidates regional coal production capacity and enhances Paringa's value to utilities as one of the last remaining independent sources of high quality ILB coal outside of the majors. Paringa aims to become a valued supplier to local utilities and is highly encouraged by the excellent engagement, including site visits, from a wide range of local utilities.

The recently announced import tariffs of 25% on steel, and 10% on aluminum, using Section 232 of the Trade Expansion Act, could drive upwards of 3-4GW of around-the-clock regional electricity demand. This represents 0.7% of total US power demand growth (or 2.8% for industrial demand growth) and compares well to the forecast total US demand growth of 0.7% prior to the Section 232 announcements. Kentucky, Illinois and Indiana are large producers of steel and aluminum relative to other US states and the positive impacts of higher power demand, increased employment and higher GDP growth are expected to be beneficial to our regional market.

US natural gas consumption is at record levels and continues to outpace increasing gas production. Gas storage levels are now 1,281 Bcf, which is 29% below the 5-year average and down 41% year over year. With increasing gas demand in the chemical and industrial sectors, coupled with the ramp up in US LNG exports and pipeline gas exports to Mexico, we remain optimistic that US gas prices will materially increase and underpin better market conditions for thermal coal.

US and international coal demand continues to outpace supply and US coal stocks have been progressively falling, now at their lowest levels in years - if these conditions continue, then we should expect to see higher coal pricing as we ramp Poplar Grove to full production.

Next Steps

The Company has an exciting 12 months ahead with a substantial amount of activity scheduled for the Poplar Grove Mine, including:

- Continue construction of the slope decline to access first coal and complete the remaining works on the barge load-out facility and CHPP;
- Continue discussions with utilities located within the Ohio River and South East markets, and finalize additional sales contracts;
- Complete a highly competitive lease finance package for leased equipment required for the Poplar Grove Mine; and
- Produce first coal from Poplar Grove during Q4 2018.

Buck Creek Coal Leases

At the end of the quarter, Paringa controlled approximately 40,664 gross acres (16,456 ha) of coal leases in Kentucky, United States, which comprise the Buck Creek Mining Complex. The area is controlled by Paringa through approximately 300 individual coal leases with private mineral owners.

During the quarter, Paringa directly leased approximately 867 additional gross acres (351 ha) of coal from individual mineral owners at 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 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.

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.