PARINGA RESOURCES LIMITED

7 March 2014

ASX Announcement

GEOTECHNICAL RESULTS CONFIRM HIGH PRODUCTIVITY MINING POTENTIAL

HIGHLIGHTS:

- ***Geotechnical analysis performed on recent drilling core targeting the WK No.9 seam confirms the potential for Buck Creek to be a high productivity underground mining operation located in the high growth Illinois Basin***
- ***Confirms potential mining conditions of Buck Creek to be consistent with adjacent underground mines in the region***
- ***Mining operations in the Illinois Basin are some of the most productive when compared to US and Australian coal basins***
- ***Buck Creek is one of the last undeveloped coal projects in the highly profitable WK No.9 seam of the Illinois Basin which is not controlled by a major US coal company***

Paringa Resources Limited ("**Paringa**" or "**Company**") is pleased to announce the results of a geotechnical study conducted by Appalachian Mining & Engineering, Inc., confirming the geology of the Buck Creek coal project ("**Buck Creek Project**") could support a high productivity underground room-and-pillar mining operation using continuous miners. Results of testing and evaluation of coal seam roof and floor strata are consistent with geotechnical qualities of adjacent underground mining operations, including those operated by Alliance Resource Partners LP ("**Alliance**") (market capitalisation $US3.15 billion).

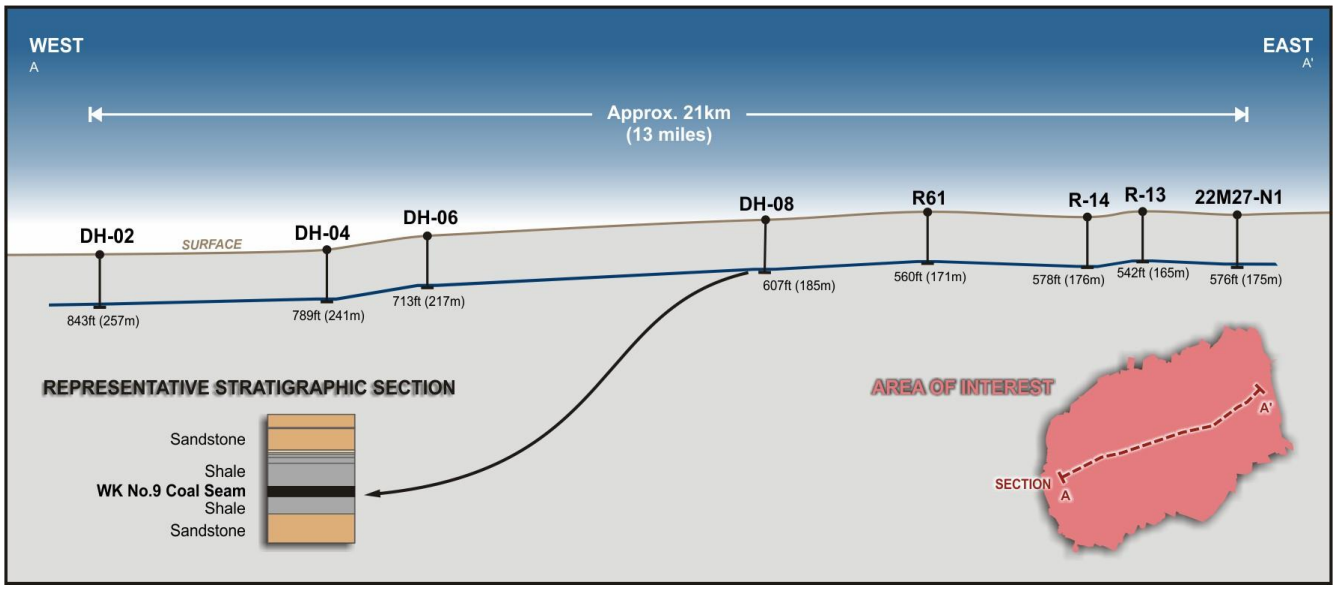

Figure 1: Cross Section and Stratigraphic Column of the WK No.9 within the Buck Creek Project

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Based on 2013 data, nine out of the top ten most productive non-longwall underground coal mines in the US are based in the Illinois Basin. The average productivity (saleable coal production per man hour) of mines located in the Illinois Basin (4.3 tons per man hour) is more than double the average productivity of Southern and Central Appalachian mines, significantly higher than Northern Appalachian mines and compares favourably to the average productivity of coal mines located in the major coal basins of New South Wales and Queensland, Australia.

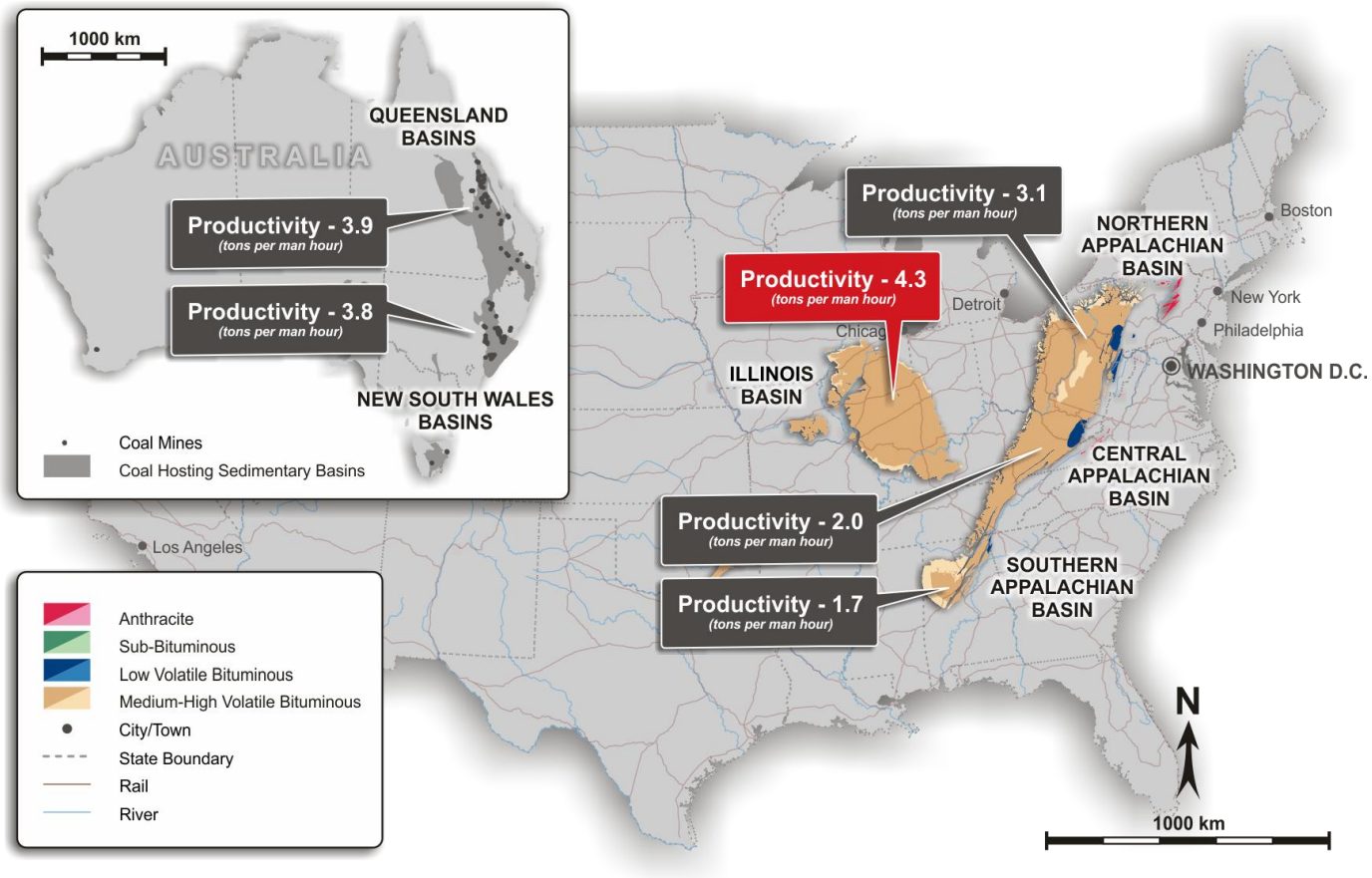

Figure 2: 2012 Coal Productivity Comparison of Major Coal Basins in US and Australia
(source: US EIA, Coal Services Pty Ltd and QLD Department of Natural Resources and Mines)

Paringa's Chief Executive Officer, Mr David Gay, said *"We are delighted with the results of our geotechnical study which confirms that the potential underground mining conditions of the Buck Creek Project to be consistent with local underground mining operations adjacent to the Buck Creek Project. These results add further validation that the Buck Creek Project has the potential to become a highly productive, highly profitable underground mine. Results of the geotechnical study will be incorporated into the scoping study due for completion in March 2014."*

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Highly Productive Geology

Favourable geology, established mining infrastructure including coal mining equipment and services industries and access to highly skilled population centres within the Illinois Basin, lends itself to some of the most productive underground mining in the US. Based on the 2012 average tons of saleable coal produced per man hour, the average productivity of mines from the Illinois Basin (4.3 tons per man hour, 2012) is more than double that of Southern (1.7tpmh) and Central (2.0tpmh) Appalachia and significantly higher than Northern Appalachia (3.1tpmh). In addition, average productivity of the Illinois Basin compares favourably to the average productivity of the major coal basins of New South Wales (3.8tpmh) and Queensland (3.9tpmh), Australia. Note, the average productivity for the Illinois Basin is mostly derived from underground room-and-pillar mines, whereas the productivities for all other basins are predominately underground longwall and surface mines.

The Buck Creek Project is proximal to some of the largest and highest margin thermal coal mines in the US. Based on 2013 data, nine out of the top ten most productive non-longwall underground coal mines in the US are based in the Illinois Basin. The River View mine which began production in 2009 and produced 9.3 million tons in 2013, is the largest non-longwall (e.g. room-and-pillar) mine and the second most productive in the US. In developing the Buck Creek Project, Paringa will seek to replicate the productivity of underground mines in the region.

Table 1: Top 10 Underground Mines in the US (Non-Longwall mines, ranked by productivity)

Rank	Company	Mine	Coal Basin[1]	Annual Production (million tons, 2013)	Tons per total man hour[2]
1	Peabody Energy Corp	Gateway	**ILB**	2.8	**6.5**
2	Alliance Resource Partners, LP	River View	**ILB**	9.3	**6.4**
3	Arch Coal Inc., CBR Investments, LLC	Prairie Eagle	**ILB**	2.3	**6.0**
4	Vectren Corporation	Oaktown Fuels No.2	**ILB**	1.0	**5.9**
5	Foresight Energy Partners, LP	Shay No.1	**ILB**	0.7	**5.8**
6	Peabody Energy Corp	Lively Grove	**ILB**	4.6	**5.7**
7	Rhino Resource Partners, LP	Castle Valley No.4	**Western**	0.9	**5.6**
8	Alliance Resource Partners, LP	Warrior	**ILB**	5.2	**4.8**
9	Vectren Corporation	Oaktown Fuels No.1	**ILB**	3.4	**4.5**
10	Peabody Energy Corp	Fransico	**ILB**	2.9	**4.5**

Notes: (1) ILB: Illinois Basin; Western: Western Interior; (2) Data for employees includes underground, surface, preparation plant and office workers at the minesite.
Source: CoalUSA March 2014

Geotechnical Review

Previously announced results from the nine drill core holes completed and announced to the ASX on 5 December 2013, reaffirmed that the Western Kentucky No.9 ("**WK No.9**") coal seam within the Buck Creek Project to be a thick, flat, consistent, and laterally continuous coal seam. In addition, drill logs indicated the actual coal seam thickness for most of the drill holes to be greater than that modelled in the Company's Coal Resource Estimate of 154 million tons (~140 million tons), announced to the ASX on 4 November 2013. The WK No. 9 coal seam is the third largest producer of thermal coal in the US and hosts some of the most highly productive and high margin underground coal mines in the country.

The strata of the WK No.9 seam within the Buck Creek property generally exhibit a regional northeast-southwest strike, and a regional north-westward dip towards the centre of the Illinois Basin. The strata types surrounding the WK No.9 coal seam within the Buck Creek Project are shale, sandy shale, sandstone, limestone, black shale, and underclay.

The main roof of the WK No. 9 seam is described as intact and competent, generally consisting of thin black shale that is overlain by thick grey shale followed by sandstone. Occasionally the black shale is absent and the grey shale becomes the immediate roof rock. Testing of the immediate roof of the WK No.9 within the Buck Creek Project indicates a Coal Mine Roof Rating that is comparable to adjacent underground mines.

Floor strata of the WK No.9 seam within the Buck Creek Project are typically shale, sandy shale, or underclay. Immediate floor stability in the Illinois Basin is dependent upon the competency of the fireclay and other strata beneath the coal seam. The combination of overburden depth, moisture content, and the immediate floor stability are the controlling factors for pillar design as part of the room-and-pillar mining operation. Samples of the immediate floor were taken to determine the moisture content as a function of depth into the floor. The pillar dimensions are varied to find the minimum pillar dimensions required to obtain a 1.30 safety factor for the Vesic-Gadde equation. Testing and evaluation has also concluded that significant horizontal stresses are not expected to be an issue.

The results of the geotechnical study will be incorporated into the Company's Scoping Study and are expected to confirm the low potential operating costs of the Buck Creek Project. The results of the Scoping Study are expected to be released during March 2014.

About Appalachian Mining & Engineering, Inc.

Appalachian Mining & Engineering, Inc. ("**AME**") was engaged to evaluate the anticipated ground conditions based upon strength and physical property testing of the immediate roof and floor strata of the WK No.9 seam within the Buck Creek Project, from the nine target drill core holes completed by the Company in November 2013. AME is a mining and geotechnical engineering consulting firm with offices in Lexington, Kentucky. AME is internationally recognised for their expertise in mine and quarry stability investigations and provides a wide range of mine design, planning, and engineering solutions for the mining and quarry industries.

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 release that relates to Exploration Results and Coal Resources is based on 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 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'. Mr. Suehs consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

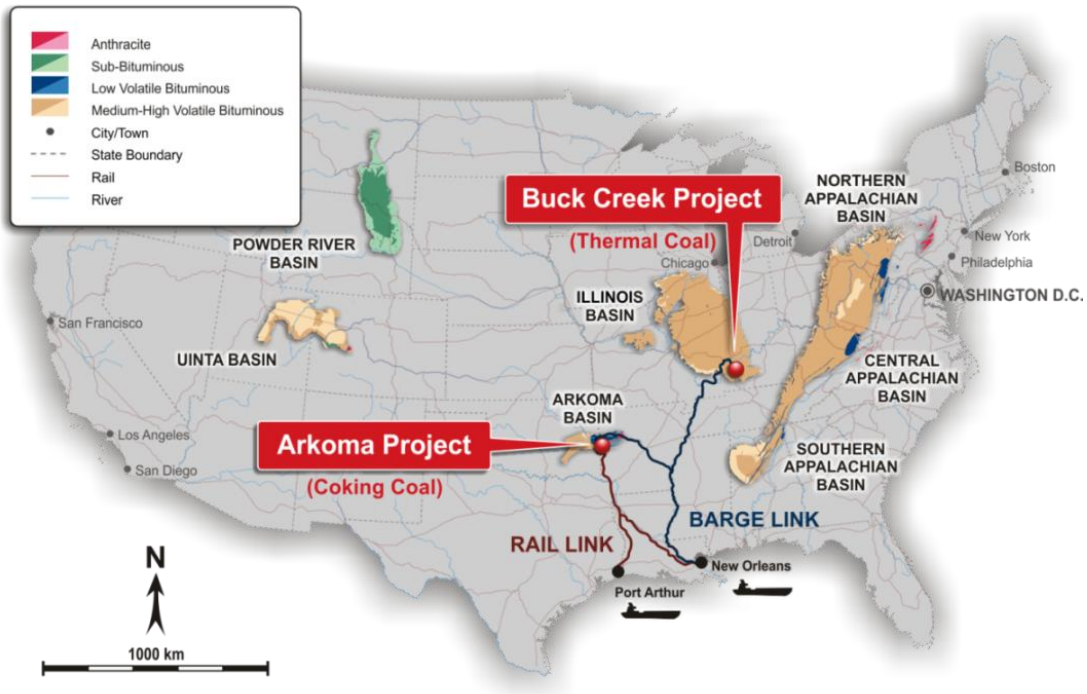
ABOUT THE BUCK CREEK PROJECT

The Buck Creek Project is located in the Western Kentucky region of the Illinois Coal Basin which is one of the most prolific coal producing regions in the USA. Paringa controls over 25,000 gross acres (~10,000 ha) of coal leases within an area of interest of approximately 72,000 acres (~28,000 ha).

The Buck Creek Project has a JORC Coal Resource Estimate of 154 million tons (~140 million tonnes) of high quality thermal coal with over 88% in the Measured & Indicated categories. The Buck Creek Project is one of the few remaining contiguous high quality thermal coal projects within the WK No.9 Seam that is not controlled by one of the major USA coal companies and offers one of the highest quality, highest heating value products in the Illinois Coal Basin.

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.

Buck Creek Project – Coal Resource Estimate (WK No.9 Seam)				
Measured (Mt)	Indicated (Mt)	**Total Measured and Indicated (Mt)**	Inferred (Mt)	**Total (Mt)**
32.1	104.8	**136.9**	17.5	**154.4**



APPENDIX 1 – Recent Drill Hole Details

Project	Drill Hole	Northing	Easting	Surface Elevation (ft)	WK No.9 Seam Base Elevation (ft.)	Depth to WK No.9 Seam Base (ft.)	WK No.9 Seam Thickness (ft.)	Total Drill Hole Depth (ft.)	Quality Data
Buck Creek	HMG-01	428877	1548233	383.46	-228.58	612.04	4.09	622.90	Complete
Buck Creek	HMG-02	426768	1547625	389.85	-220.83	610.68	4.17	626.43	Complete
Buck Creek	HMG-03	425722	1544199	404.45	-218.30	622.75	4.14	629.67	Complete
Buck Creek	HMG-04	428297	1542127	409.60	-301.62	711.22	4.01	724.60	Complete
Buck Creek	HMG-05	425770	1537806	396.39	-272.73	669.12	3.92	683.80	Complete
Buck Creek	HMG-06	428221	1526409	380.20	-499.66	879.86	4.02	889.75	Complete
Buck Creek	HMG-07	419085	1530421	378.47	-201.48	579.95	3.30	595.82	Complete
Buck Creek	HMG-08	417041	1519788	380.49	-248.01	628.50	4.00	639.00	Complete
Buck Creek	HMG-09	408194	1510878	427.27	-315.20	742.47	5.00	756.20	Complete

APPENDIX 2 – JORC Table 1 Checklist of Assessment and Reporting Criteria

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	> *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* > *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* > *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	> All nine holes were drilled using a combination of rotary and core drilling designed for seam delineation and the acquisition of coal and rock samples for quality and strength analyses. > Air rotary holes were used to drill to within approximately 25 feet from the estimated depth of the coal seam. > The holes were then cored for approximately 40 feet with the intention of obtaining a continuous sample of roof, seam, and floor material. > Once coring was completed all holes were geophysically logged using downhole density, gamma, and sonic tools.
Drilling techniques	> *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	> The drilling consisted of 6.625-inch diameter air rotary holes followed by approximately 40 feet of 3-inch diameter conventional core holes for the collection of the roof, seam, and floor samples.
Drill sample recovery	> *Method of recording and assessing core and chip sample recoveries and results assessed.* > *Measures taken to maximise sample recovery and ensure representative nature of the samples.* > *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	> Core recoveries were monitored and were generally good at greater than 95%. > Coal core samples used for quality analysis contained greater than 95% recovery. > Where available, core recovery thickness was reconciled with the thickness interpreted from geophysical logs.
Logging	> *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* > *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* > *The total length and percentage of the relevant intersections logged.*	> Cored samples were geologically logged by the driller and by an independent third party geologist. > All holes drilled were geophysically logged by an independent third party using downhole density, gamma, and sonic tools.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	> *If core, whether cut or sawn and whether quarter, half or all core taken.* > *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* > *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* > *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* > *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* > *Whether sample sizes are appropriate to the grain size of the material being sampled.*	> Core was not divided for sampling.
Quality of assay data and laboratory tests	> *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* > *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* > *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	> All sampling and analyses were performed by independent third parties. > Quality analysis was carried out by SGS North America Inc. and performed to American Society for Testing and Materials (*ASTM*) standards. . > Geotechnical was completed by Appalachian Mining & Engineering, Inc. and performed to ASTM standards. > Geophysical tools are calibrated by the logging company (Cardno GLS) and where possible, validated using a calibration hole.
Verification of sampling and assaying	> *The verification of significant intersections by either independent or alternative company personnel.* > *The use of twinned holes.* > *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* > *Discuss any adjustment to assay data.*	> All coal intersection data has been cross referenced with the lithological and geophysical logs by Cardno. > Coal quality was adjusted to reflect an addition of 4% moisture to the equilibrium moisture. > Coal quality results were verified with laboratory analysis sheets by Cardno geologist.
Location of data points	> *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* > *Specification of the grid system used.* > *Quality and adequacy of topographic control.*	> Coordinates for the drill hole locations are in the Kentucky South, State Plane system, North American Datum 1927. All holes were surveyed by Associated Engineers Inc. under the direction of a Registered Professional Surveyor.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	> *Data spacing for reporting of Exploration Results.* > *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* > *Whether sample compositing has been applied.*	> These exploration results have not yet been entered into the geologic model used to define the Coal Resource Estimation. > Quality weighting polygons were initially prescribed to USGS standards for points of observation as defined below and included only Measured and Indicated Resources by utilizing an arc spacing of 3,960 feet (1,207m)
Orientation of data in relation to geological structure	> *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* > *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	> Drill holes have been vertically drilled. No downhole deviation logs have been collected and it is therefore not know if the drill holes have deviated away from vertical. Based on an average depth of 675 feet (205 meters), any deviation is expected to be insignificant and immaterial to the geologic characterization of the property.
Sample security	> *The measures taken to ensure sample security.*	> Sample handling procedures were developed by Paringa staff, approved by Cardno and followed by all parties during exploration. > Coal samples were tracked with chain of custody forms throughout the exploration process.
Audits or reviews	> *The results of any audits or reviews of sampling techniques and data.*	> Cardno has reviewed the resulting drill hole information obtained during this exploration campaign.