

ASX Announcement

SCOPING STUDY CONFIRMS STRONG FUNDAMENTALS OF THE BUCK CREEK PROJECT

HIGHLIGHTS:

- ***Positive Scoping Study confirms potential of the Buck Creek Coal Project to be developed as a high margin, low cost mine in the growing Illinois Coal Basin***
- ***Average annual steady state production of 3.4 million tons of saleable coal over a minimum 16 year mine life***
- ***Average annual operating cash costs of US\$28 per ton (steady state) inclusive of leased equipment costs***
- ***Average annual operating cashflows of US\$88 million (steady state) utilising conservative sales pricing assumptions***
- ***Low mine development capital costs of US\$76 million and coal handling and process plant and barge load-out facility capital costs of US\$33 million***
- ***Potential for significant scalability of existing mine leading to an increase in current mine production rate***
- ***Additional leasing and first mine development to provide the potential for developing an additional mine within the Area of Interest***
- ***Pre-Feasibility Study to commence shortly, targeting completion by end of 2014***
- ***Paringa continues to build an exceptional US-based management team with experience in developing coal projects in the region***
- ***Strong fundamentals, low development cost, existing infrastructure advantage and scalability confirms the potential for Paringa to develop a significant new production source in the highly sought after Illinois Coal Basin***

Cautionary Statement

In accordance with the ASX listing rules, the Company advises the Scoping Study referred to in this announcement is based on lower-level technical and preliminary economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. The Production Target referred to in this announcement is partly based on Inferred Mineral Resources (being 10%). There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target or preliminary economic assessment will be realised.

Paringa Resources Limited (“**Paringa**” or “**Company**”) is pleased to announce the results of a Scoping Study (“**Study**”) which has been prepared in accordance with JORC Code 2012 Edition and the requirements for a Preliminary Economic Assessment report in accordance with NI43-101. The Study has been conducted on the northeastern quadrant of the Company’s Buck Creek thermal coal project (“**Buck Creek Project**”) located in the low cost and proven Illinois Coal Basin in Kentucky, USA.

Utilising the Buck Creek Project’s current Coal Resource Estimate (“**CRE**”) of 154 million tons of coal, the Buck Creek Project can support production of 4.7 million tons per annum (“**Mtpa**”) Run-of-Mine (“**ROM**”) coal yielding approximately 3.4Mtpa of saleable clean coal at steady state production. The Buck Creek Project’s fundamentals from this initial development are extremely encouraging with average annual operating cash costs during steady state production (exclusive of royalties and severance taxes) of US\$28/ton Free On Board Barge (“**FOB Barge**”) and the potential to achieve average annual operating cashflows during steady state of production of US\$88 million per annum.

The Buck Creek Project is located in a well serviced and infrastructure advantaged coal region in the US, offering the potential for a low operating and capital cost environment. The surface and underground mine site infrastructure development capital cost is approximately US\$76 million and the capital cost of the 800 tons per hour (“**tph**”) wash plant, barge load-out and surface facilities is approximately US\$33 million. The total initial capital cost to develop the Buck Creek mine is approximately US\$109 million. All mining services, construction personnel, contractors and parts are expected to be supplied and/or built by firms currently operating in the region.

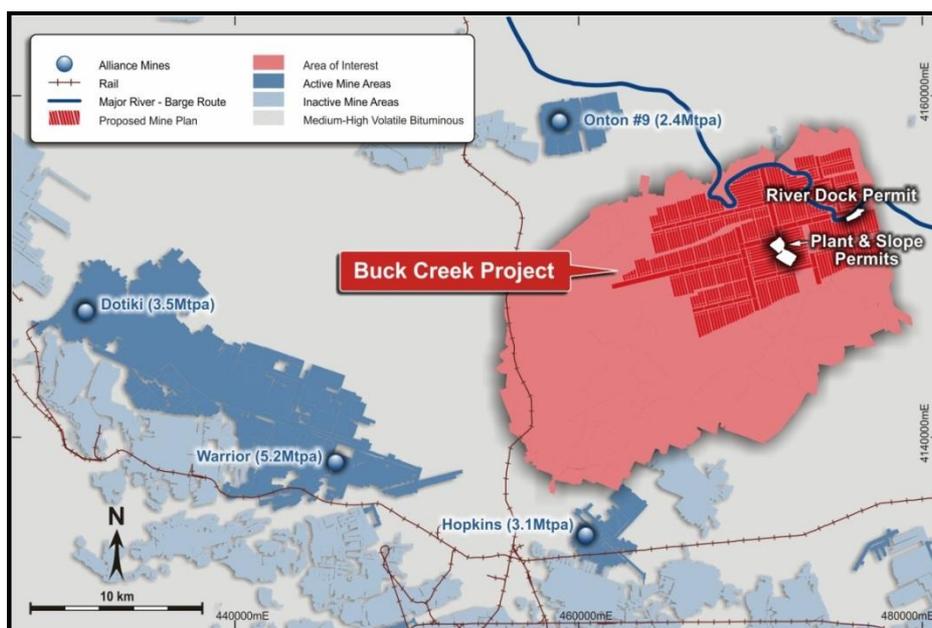


Figure 1: Buck Creek Project Mine Plan Overview with Mine Panels

Paringa’s Chief Executive Officer, Mr David Gay, said “Results from the Study show the potential to develop a highly attractive new mine aiming to replicate the success of our peers in adjacent mines in the region. With the Scoping Study complete the Company will look to begin a Pre-Feasibility Study on the Buck Creek Project in the coming weeks. We are in an enviable position in that we have a highly advanced project with very strong fundamentals. The Buck Creek Project has the potential to rapidly become a significant new production source in the highly sought after Illinois Coal Basin”.

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Introduction

Paringa is pleased to report the results of the Study prepared by Cardno MM&A (“**Cardno MM&A**”), with input from local experts. The Study utilised the maiden CRE for the Company’s Buck Creek Project, located in the Western Kentucky region of the Illinois Coal Basin, one of the most prolific coal producing regions in the USA.

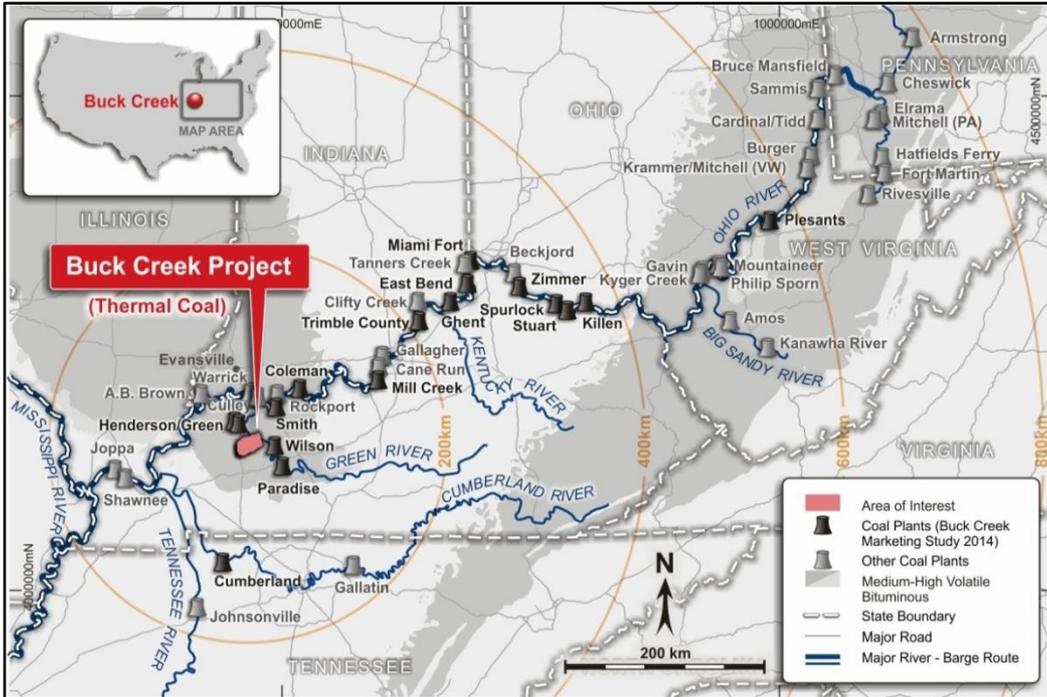


Figure 2: Buck Creek Project and the Ohio River Coal Market

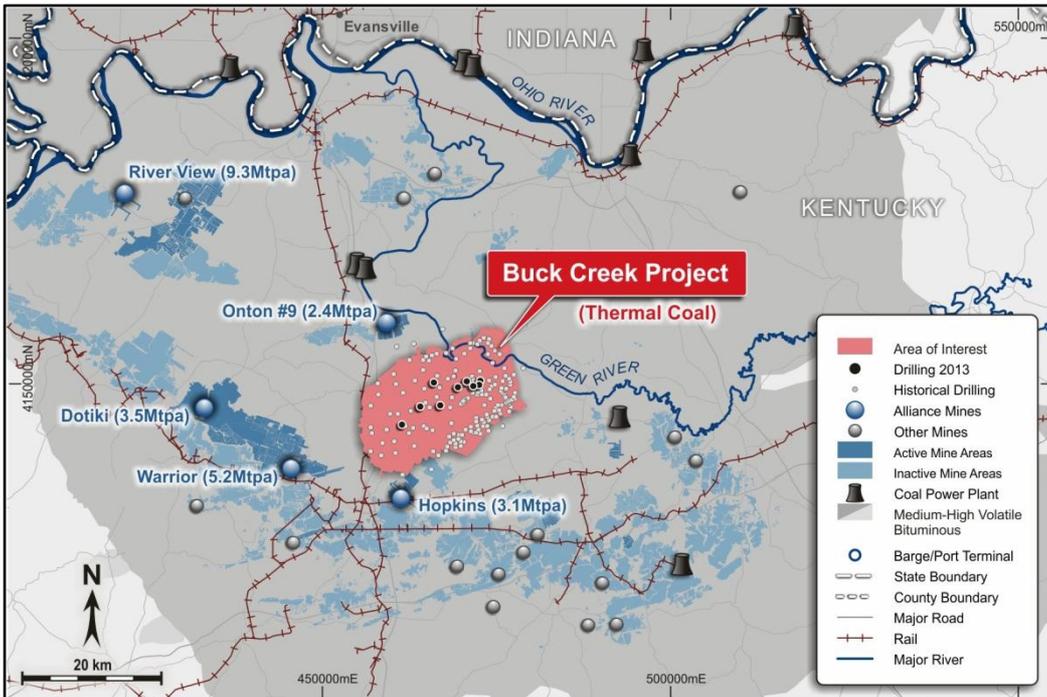


Figure 3: Buck Creek Project Area of Interest and Local Coal Operations

Key results of the Study were as follows:

Table 1: Strong Project Fundamentals (to a maximum accuracy variation +/- 30%)		
Initial Capital Costs		
Mine Site Development and Infrastructure	US\$76 million	
Coal Handling & Preparation Plant (“CHPP”) & Barge Load-Out Facility	US\$33 million	
Total Initial Capital Cost	US\$109 million	
Production (tons)		
Average ROM Coal Production Steady State	4.7 Mtpa	
Total ROM Coal Produced Life-of-Mine (“LOM”)	66.9 million	
CHPP Yield	71%	
Life of Mine	16.0 years	
Average Clean Coal Production Steady State	3.4 Mtpa	
Total Clean Coal Produced LOM	47.7 million	
Start of Construction	Late 2015	
Start of Production Ramp-Up	Mid-2017	
Cashflow		
Average Sales Price Received (per ton)	2015	2030
	US\$51/t	US\$58/t
Average Annual Operating Costs (steady state)	US\$28 per ton	
Average Annual Operating Cashflow (steady state)	US\$88 million	

Next Steps

Paringa will commence the Pre-Feasibility Study (“PFS”) on the Buck Creek Project over the coming weeks and anticipates completion of the PFS during the fourth quarter of 2014. During the PFS phase, the Company will undertake further mine scheduling, geotechnical, coal processing, ventilation, project infrastructure and utility studies aimed at identifying opportunities to further enhance the production rate and project fundamentals.

Additional drilling will be undertaken during the second quarter of 2014 to aid in the geotechnical design of the proposed shaft and slope workings.

The Company will continue with the remainder of its leasing program, focusing on the western half of the Area of Interest. Additional leasing may enable Paringa to undertake further technical studies evaluating the possibility of building a new mine adjacent to the Buck Creek Project. Paringa will also continue to build its in-country team focusing on highly skilled coal professionals with experience and knowledge of the Illinois Coal Basin.

Low Operating Costs

The average annual operating costs per clean ton of coal during steady state production is approximately US\$28 per ton (FOB Barge), including the cost of leased mining equipment and excluding royalties and severance taxes. Royalties totalling 4.5% include royalties paid to mineral owners at a rate of 4.0% of the gross sales value FOB Barge and an overriding royalty of 0.5%. The Study assumes all mining equipment will be leased, which is common for underground coal mines in the region.

The Buck Creek Project is potentially a low operating cost project with the following inherent advantages:

- Western Kentucky No.9 (“**WK No.9**”) coal seam within the Buck Creek project is a relatively flat lying (i.e. 1° to 2° dip), consistent, and laterally continuous coal seam resulting in high productivity;
- Excellent underutilised infrastructure and adjacent to the Green River which provides low cost barge access to the lucrative Ohio River market consisting of large, scrubbed and efficient domestic power plants;
- Proximal to local mining services and equipment providers;
- Located within a mature coal mining district with access to highly skilled non-union labour; and
- Competitive power and utilities costs.

Table 2: Low Operating Costs	
Average Annual Operating Costs (Steady State)	US\$ per ton
Labour Costs	7.1
Operating & Maintenance	12.7
Power & Utilities	1.0
Mine General Administration	0.1
Leased Equipment	2.4
Sub-total Direct Mining Costs	23.3
CHPP	4.1
Other	1.0
Average Annual Operating Costs	28.4

Low Capital Development Costs

The Buck Creek Project is located in one of the best serviced and infrastructure advantaged coal regions in the US. At the current projected steady state production, the capital cost of surface and underground mine site development and infrastructure required totals US\$76 million and the capital cost of the 800tph wash plant, barge load-out and surface facilities totals US\$33 million.

Table 3: Low Capital Costs	
Capital Item	US\$ million
Mine Development Costs	14.4
Slope	33.7
Shafts	12.0
Surface Facilities & Infrastructure	15.7
Sub-total Mine Development	75.8
Coal Preparation Plant	16.0
Refuse Disposal Site	1.0
Materials Handling	5.0
Overland Conveyor	7.9
Barge Load-Out Facility	3.0
Sub-total CHPP & Load-Out	32.9
Total Initial Capital Cost	108.7

Sustaining capital for the Mine, Mine Site Infrastructure and CHPP have been estimated at US\$64 million over LOM. All construction services, construction personnel, contractors and parts are expected to be supplied and/or built by firms who are operating in the region. Data used in the calculation of the capital costs for the Buck Creek Project has been benchmarked against similar underground mines in the region that mine the Buck Creek Project's WK No.9 coal seam, utilising identical mining and processing techniques and equipment.

Coal Resources

The CRE was prepared by US based, independent consultants, Cardno MM&A and is reported in accordance with the JORC Code (2012). The CRE was announced to the Australian Securities Exchange ("ASX") on 4 November 2013.

Table 4: Buck Creek Project Coal Resource Estimate	
Measured (Mt)	32.1
Indicated (Mt)	104.8
Total Measured & Indicated (Mt)	136.9
Inferred (Mt)	17.5
Total (Mt)	154.4

The mine plan used in the Study to underpin the production target ("**Production Target**") of 67 million tons of total ROM coal produced over the LOM (which equates to 48 million tons of total clean coal produced over the LOM) is based on Measured Coal Resources of 15 million tons (22%), Indicated Coal Resources of 45 million tons (68%), and Inferred Coal Resources of 7 million tons (10%).

The CRE was based on 163 bore holes that were used in the calculation which included 98 Kentucky Geological Survey core holes, 29 Buck Creek Resources LLC core holes, 10 Buck Creek Resources LLC Rotary Holes and 26 gas wells. In addition, the CRE was calculated over only the Company's controlled 25,000 acre (~10,000 ha) position within the Area of Interest.

The Buck Creek coal resource is in the WK No. 9 coal seam which lies approximately 620 feet below the surface at the proposed mine portal site. The coal seam is flat lying with a modest dip of 1° to 2° 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 Buck Creek Project CRE averages approximately 3.9 feet (47 inches), a suitable seam thickness for high-productivity underground mining with approximately 0.6 feet (7 inches) of out-of-seam mining needed to achieve an average mining height of 4.5 feet (54 inches) required for equipment clearance. Similar arrangements are currently being used by a number of underground mines in the region.

On 5 December 2013, Paringa announced to the ASX the results from the targeted nine core hole drilling program at the Company's Buck Creek Project. The results reaffirmed that the WK No.9 coal seam within the Buck Creek Project is a thick, flat, consistent, and laterally continuous coal seam. The WK No. 9 coal seam is the second largest producer of thermal coal in the USA and hosts some of the most highly productive and high margin underground coal mines in the country.

In addition, drill logs indicate the actual coal seam thickness for most of the drill holes are up to 19% greater than that modelled in the Company's CRE of 154 million tons (~140 million tons), announced to the ASX on 4 November 2013.

On 7 March 2014, the Company announced to the ASX, results of geotechnical studies in relation to the Buck Creek Project. The main roof of the WK No. 9 seam within the Buck Creek Project 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 seam 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. 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.

Coal Quality

The Buck Creek Project has particularly attractive coal quality properties compared to existing and new mines being developed in the Illinois Basin. On 11 February 2014, the Company announced to the ASX coal quality results from the nine core hole drilling program targeting the WK No.9 seam. On a product basis, together with a 4% addition to equilibrium moisture, the coal has a high heat content of 6,564kcal/kg 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 Buck Creek Project's quality very attractive as a new source of energy from the Illinois Basin.

Table 5: Updated Buck Creek Seam Coal Quality Specifications

Raw Proximate Analysis (Equilibrium Moisture)						Washed Core Quality (Equilibrium Moisture +4%)		
Moisture	Ash	Volatile Matter	Fixed Carbon	Chlorine	HGI	Calorific Value (kcal/kg)	Ash	Yield @ 1.60 Float
6.6%	12.0%	36.9%	44.6%	0.17%	60	6,564	8.4%	92.9%

One of the most important characteristics to be considered in the Illinois Basin is the chlorine content. The Buck Creek Project's chlorine content is a relatively low 0.17% and thus has a significant advantage over many other new developments in the Illinois Basin which typically have values exceeding 0.3%. The ash content of the Buck Creek Project's coal averages 8.4%, when typical Illinois Basin coal products are over 9.1%. In addition, the sulphur content at 2.8% is slightly lower than the average typically seen across the Illinois Basin. The coal quality analysis obtained in relation to the Buck Creek Project provides confidence that the coal will be an attractive Illinois Basin product to the growing scrubbed domestic and international thermal coal markets.

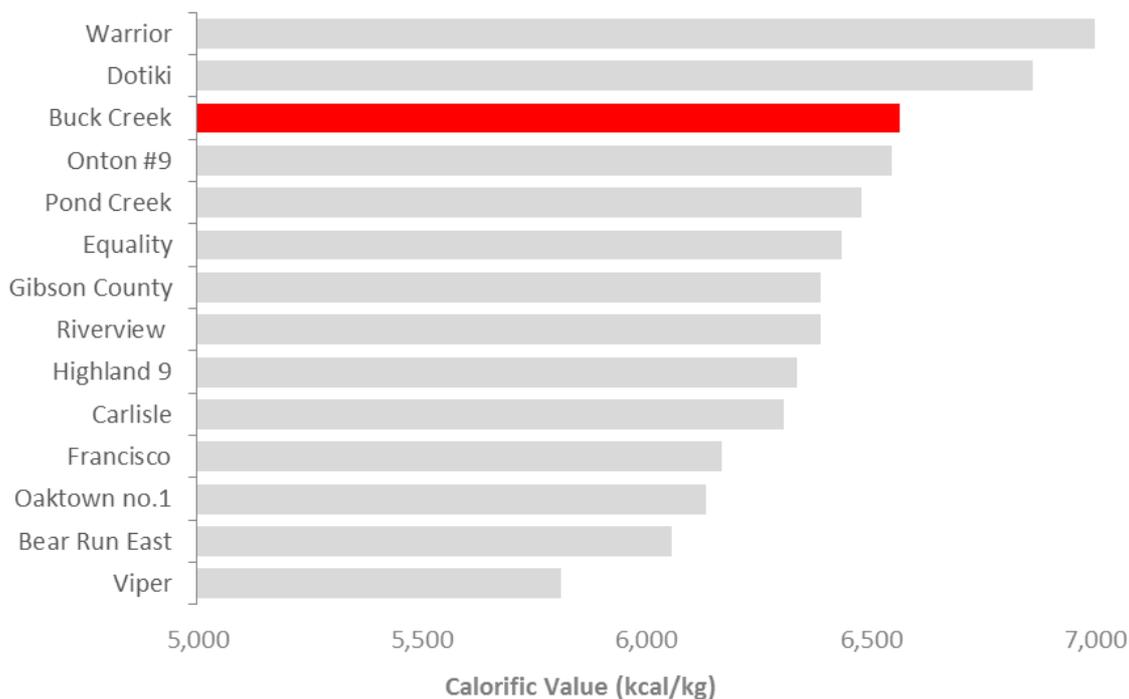


Figure 4: Buck Creek Project Quality Comparison
 (Source: Hanou Energy Consulting, LLC: Illinois Basin Coal Supply Study 2012 – 2021)

Mining Development Plan

The Project is a well-defined coal resource, which is located in an area with a long history of coal mining. Highly productive active operations with similar seam and mining conditions are located adjacent to this resource. As a result, Buck Creek's mine design can rely heavily on historical and active mines for most design elements.

Mining Method

Proposed production from the Buck Creek mine will come exclusively from four super-section units with eight continuous miners (i.e. two continuous miners per one super-section mine unit) using 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 world.

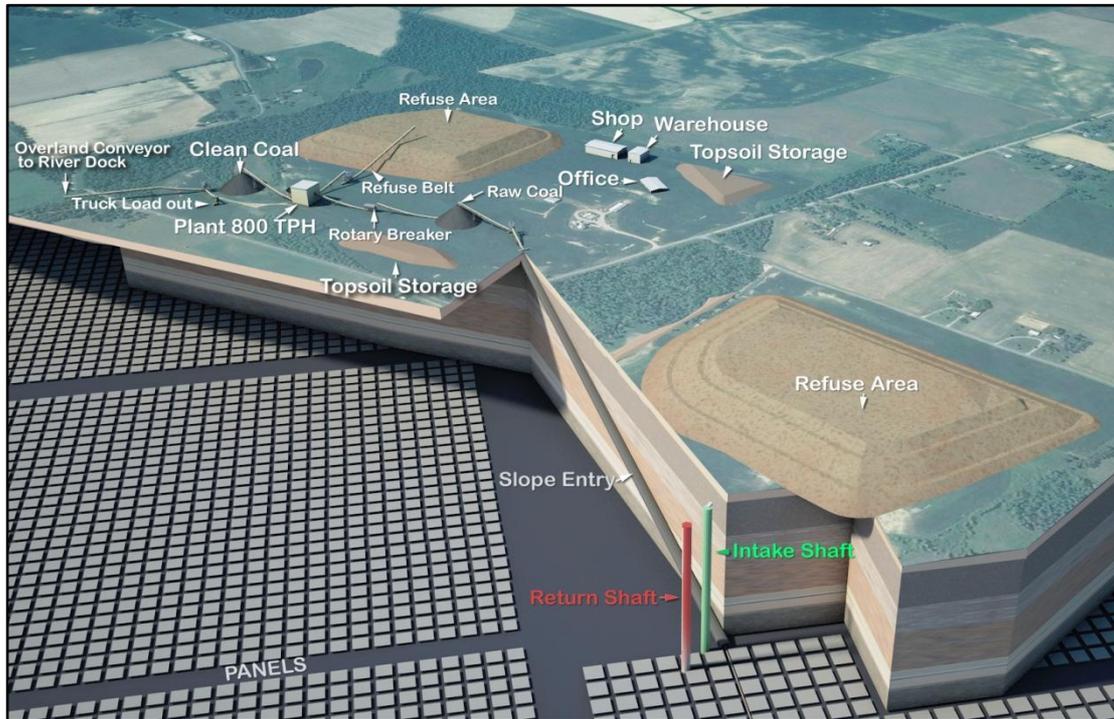


Figure 5: Conceptual Buck Creek Project Underground Mine Plan and Surface Facilities

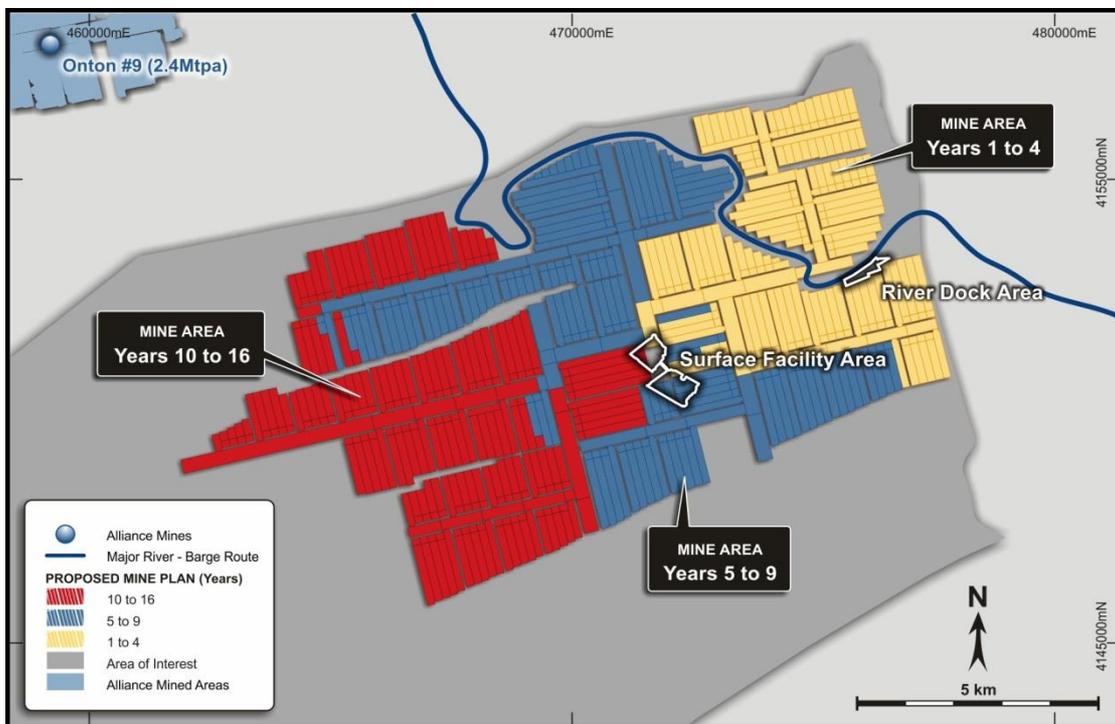


Figure 6: Buck Creek Project Mine Plan Overview with Proposed Mine Panels

Mine Plan

The mine plan presented in this report includes total production of 66.9 million raw tons and 47.7 million clean tons over a 16-year period. The mine plan schedule includes a two-year ramp-up period and a

period of approximately two years when production declines (years 15 through 16) as the mine approaches completion.

At the planned forecast steady state of production rate of 4.7Mtpa of ROM coal, each super-section mine unit will produce approximately 2,200 tons of raw material each shift. Clean coal recovery from the raw material production will be approximately 71 percent including dilution, yielding 1,600 tons of clean coal from each super-section, per mine unit shift of production. Annual production will total approximately 3.4 million tons of saleable clean coal.

Mine Optimisation

Future studies will analyse the ability to add another one or two super-section mine units to the current mine development plan, potentially leading to a significant increase in the amount of saleable coal produced annually. In addition, depending on the level of leasing, the Area of Interest could support an additional mine with similar parameters to the mine proposed in this Study.

Coal Seam Access

Access to the proposed Buck Creek mine will be provided by a slope for transport of personnel, materials and ROM coal, and two vertical shafts for mine ventilation. The mine slope (incline entryway from the surface to the coal seam) will accommodate a conveyor belt to transport ROM coal to the surface and a railway for the transportation of personnel, supplies, and equipment.

The Buck Creek slope will be a two-compartment 18-foot wide by 16-foot high slope constructed at 16.5 degrees using mechanical excavation techniques with a length of approximately 2,183 feet from the surface to the end of the slope terminating at the coal seam. The grade of the 16.5-degree slope will require the installation of a mechanical hoist for raising and lowering personnel and materials. Two vertical airshafts will be constructed in order to ventilate the mine. One of the shafts will be for intake (fresh) air and the other will be for return air. Both shafts will be constructed on the permitted surface site near the slope bottom. The shafts will be conventionally drilled, blasted, and mucked from the top down. Both will be approximately 620 feet deep, 16 feet finished diameter concrete lined shafts. The ventilation system will consist of fresh air being pulled through the intake shaft, routed to each production unit and returning to the atmosphere through the return air shaft.



Figure 7: Example of a Slope Portal Transporting ROM Coal to Preparation Plant

Underground Operations

The Buck Creek Project has an advantage over most other new coal developments as there are productive adjacent operating mines with similar conditions. These active operations can be used as a benchmark for planning the Buck Creek operation. The current plan requires each super-section mine unit to be equipped with two Joy 14CM15 continuous mining machines, which alternate mining in mains, sub-mains and panels. This configuration achieves a balance between entries required for ventilation, section relocation following panel completion, and infrastructure installation requirements. The production panels will be designed to maximise resource recovery and to support high productivity while maintaining a safe work environment.



Figure 8: Proposed Underground Mining Equipment

Each super-section will be equipped with four haulers (either cable shuttle cars or battery-powered haulers, or a combination of the two). Haulage units will discharge onto a belt feeder/breaker, which provides a limited amount of surge capacity to reduce hauler dump time, and which provides more uniform transfer of raw coal onto the section conveyor.

In addition, each super-section unit will also be equipped with two dual-head roof bolting machines to provide immediate roof support of mined entries. They will also require scoops for clean-up of spillage, distribution of supplies and materials, and other utility purposes. Scoops can also be used to assist in maintenance and production activities.

Productivity

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 (“**tpmh**”), the average productivity of mines from the Illinois Basin (4.3 tpmh) 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.

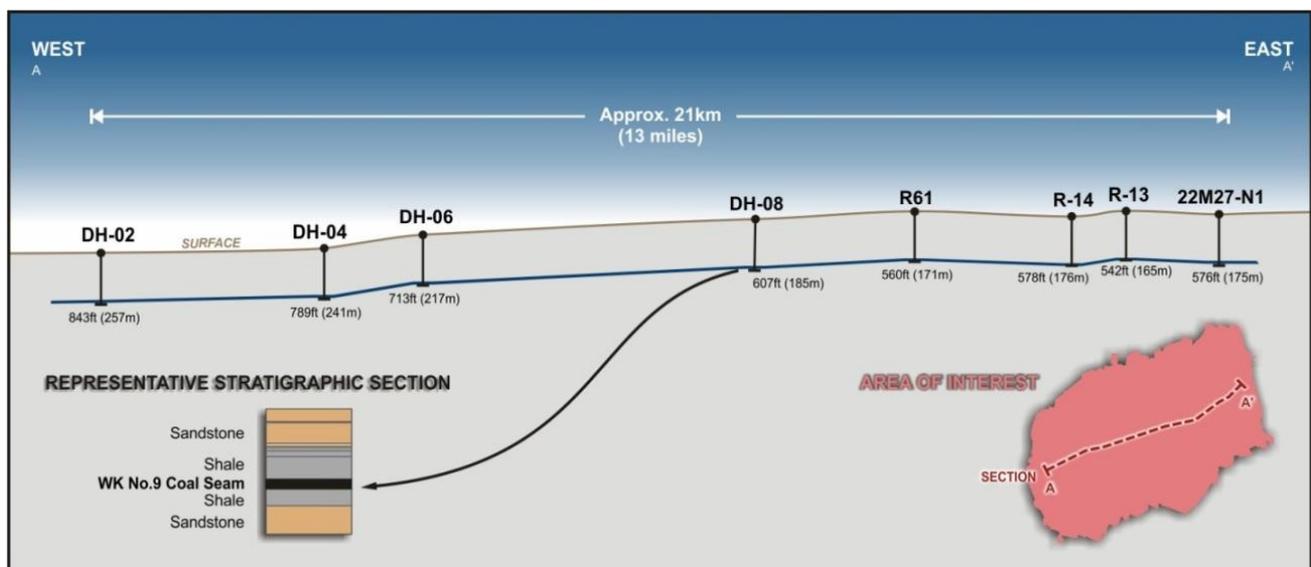


Figure 9: Cross Section and Stratigraphic Column of the WK No.9 within the Buck Creek Project

Results of the Study confirm the geology of the WK No.9 coal seam within the Buck Creek Project could support a high productivity underground room-and-pillar mining operation. Results of testing and evaluation of coal seam roof and floor strata are consistent with geotechnical qualities of adjacent underground mining operations.

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, Paranga will seek to replicate the productivity of underground mines in the region.

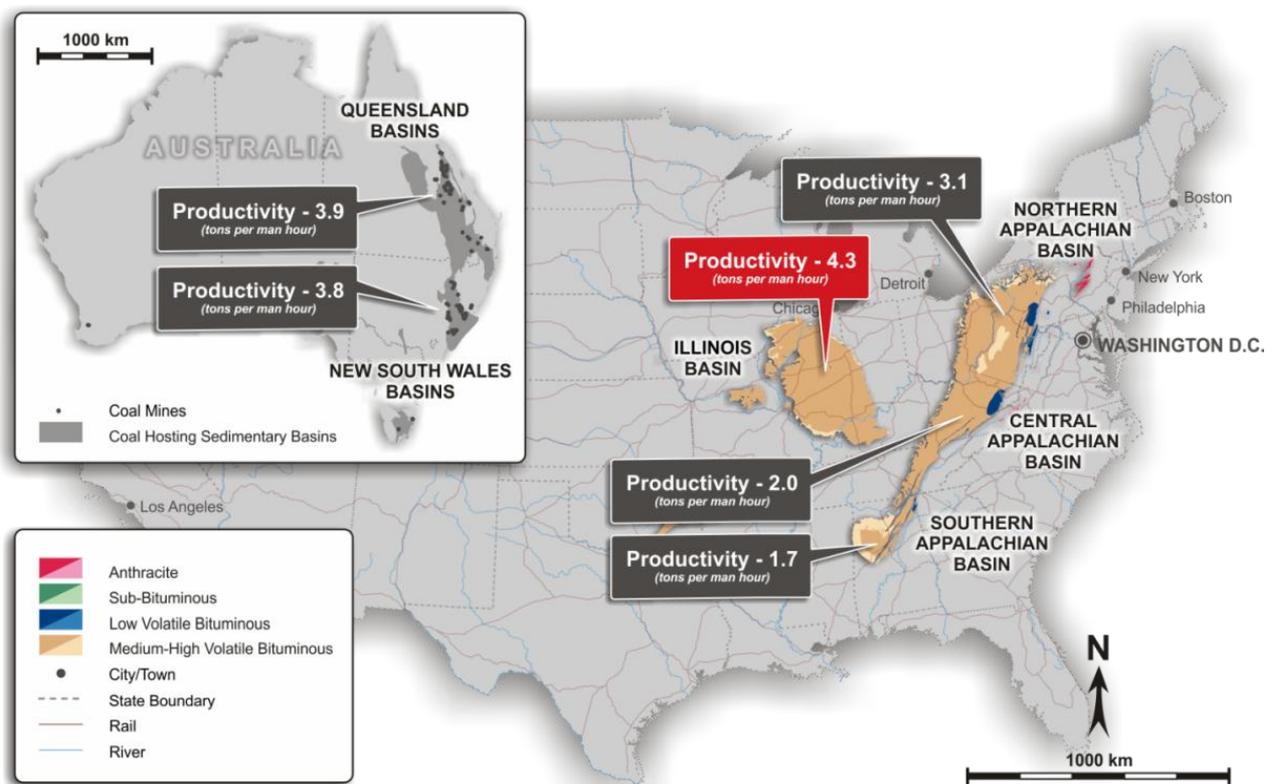


Figure 10: 2012 Coal Productivity Comparison of Major Coal Basins in US and Australia
 (source: US EIA, Coal Services Pty Ltd and QLD Department of Natural Resources and Mines)

Local Mining Industry

The Western Kentucky coal mining industry is one of the oldest and most extensively developed coal regions in the US, dating back to the early 1800's. At full production, staffing for the Buck Creek operation is expected to total 256 employees. The labour force will be non-unionised and predominately sourced from nearby highly skilled population centres.

The Buck Creek Project is extremely well serviced by all major mining equipment manufacturers and mine service and supply services. Major mining equipment manufacturers have rebuild and component service exchange centres located very near the proposed mine site. A major network of mining service providers including slope, shaft and preparation plant construction companies are located within the immediate area.

Mine Site Infrastructure, Coal Handling & Preparation Plant

The proposed mine portal, coal preparation plant and refuse disposal facilities will be located in McLean County in the northeastern quadrant of the Area of Interest at the intersection of Kentucky Route 1589 (Pack Church Road) and Ross Road.

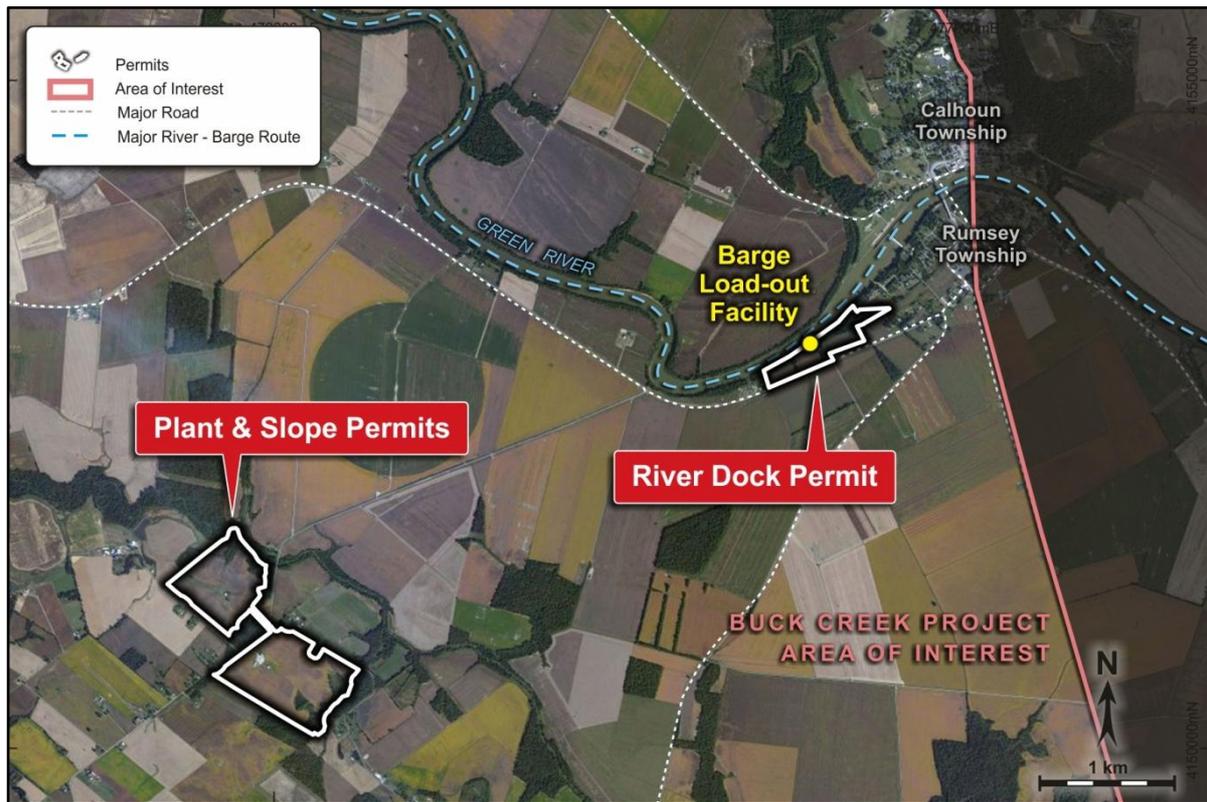


Figure 11: Aerial Photo of Proposed Mine Plant and Slope, and River Dock Permits

The Buck Creek 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 process 4.7 million tons of ROM coal annually and produce 3.4 million tons of marketable coal. The plant is designed as an 800-ton-per-hour facility.

At full production, the plant will be scheduled for operation with 276 processing days planned each year, which represents a 5.5-day per week work schedule (i.e. every other Saturday schedule operation). Plant feed size will be 2 inches x 0. Raw coal will be separated into coarse and fine material at a 1-mm size separation as it crosses two double-deck banana screens. The coarser material will be processed in a heavy-medium cyclone while the finer coal circuit will consist of classifying cyclones and spirals and an ultrafine column flotation circuit.

Coarse, fine, and ultrafine refuse will exit the plant on a 36-inch refuse collecting conveyor at an anticipated rate of 294 tons per hour with a surface-moisture of 15.5 percent. The combined refuse will be placed in one of two permitted refuse-disposal facilities that have a combined capacity of 5.6 million cubic yards, sufficient for an estimated 4- to 5-year period.

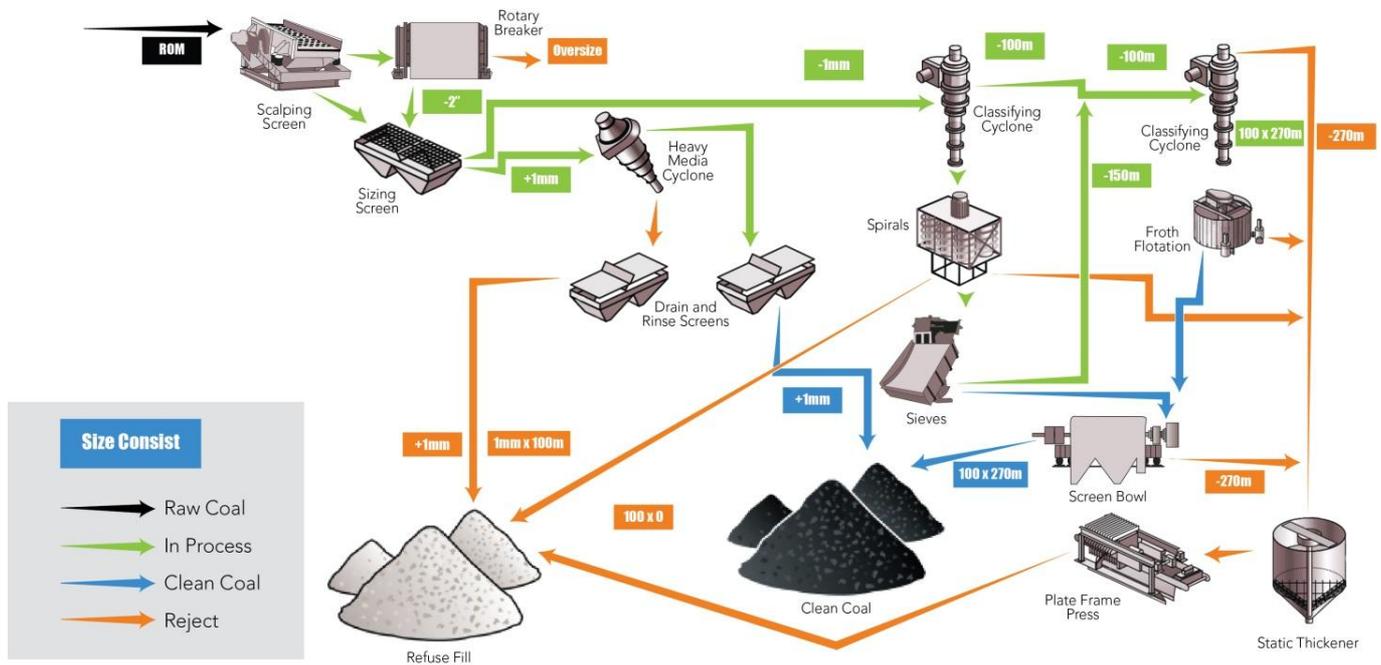


Figure 12: Buck Creek Proposed Coal Preparation Flowsheet

The surface area required to construct the two permitted refuse-disposal facilities is approximately 75 acres. An additional 250 acres for refuse disposal are already under option, but not yet designed or permitted. This additional 250 acres, once permitted, is expected to provide up to 20 years of additional refuse storage. This additional refuse storage area is anticipated to be designed and permitted within the 4- to 5-year period for which capacity in the currently permitted areas exists.

Clean coal will exit the plant on a 42-inch clean coal-collecting conveyor, which discharges onto ground storage via stacking tubes. Coal will be recovered from a stacking area with a tunnel reclaim system that will feed either a truck dump hopper or an overland conveyor. This will allow for clean coal to be delivered to the river dock either by truck or by overland conveyor.

Utilities

The Buck Creek project is located in a region serviced by two separate electric utility providers capable of supplying the 69-kv service required, Kentucky Utilities (“**KU**”) and Big Rivers Electric Corporation (“**Big Rivers**”). Major transmission and distribution lines are located within the Buck Creek Project. Power rates are currently in the range of 6 cents to 7 cents per kWh.

Fresh water for the Buck Creek mine and plant will be pumped from the barge load-out facility on the Green River along the corridor provided for the overland conveyor or along the highway right of way. To supply the mine office and bathhouse potable water will need to be accessed from the local public water system. The nearest public water source is supplied by the City of Calhoun.

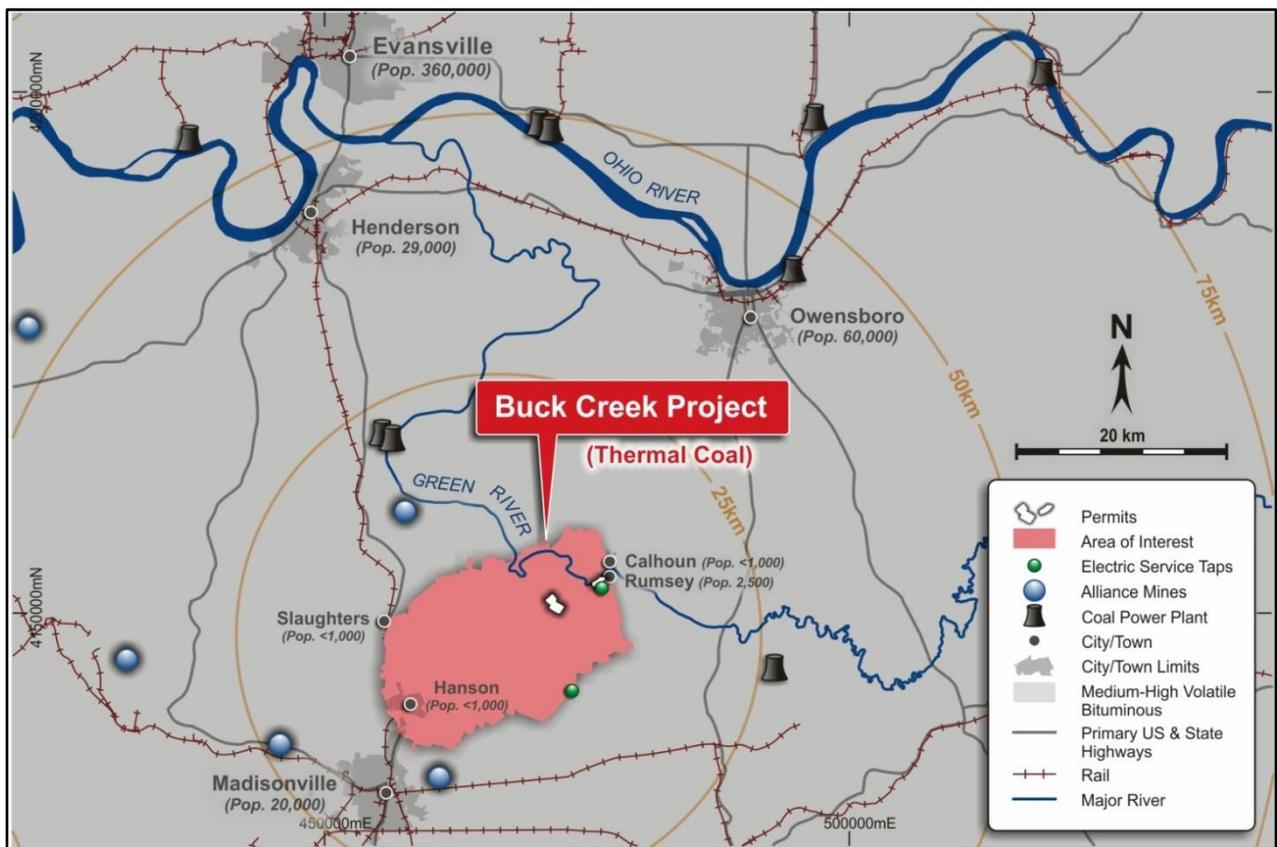


Figure 13: Buck Creek Project and Infrastructure Map

Transportation Infrastructure

As announced on 17 March 2014, the Company completed a review of regional infrastructure for the Buck Creek Project which confirmed the availability of low cost barge waterways, rail and road coal transportation infrastructure providing the potential for low capital cost development. In addition, the review indicated the Buck Creek Project to be in close proximity to coal mining equipment and services industries and highly skilled population centres with access to very competitive power and water utilities.

Barge Loading Facility

The Buck Creek Project has a permitted barge load-out facility and the Company is studying multiple options in the transportation of coal from the mine site to the barge load-out facility using an overland conveyor or via road haulage.

A barge-loading system will consist of a ground-based tower connected to a floating work barge by a 48-inch wide 170-foot long loading conveyor. The tower will stand approximately 45 feet above the river and 90 feet away from the river bank. The 30-foot wide 120-foot long work barge will be anchored on piers 30 feet from the river bank. The system will have a design capacity of 2,500 tons per hour. Scales indicating draft on the side of the barge will be used to gauge tonnage with loaded drafts up to 9 feet 6 inches.



Figure 14: View of a Barge Load-Out Facility on the Ohio River

Barge Waterways

The primary market access point for Buck Creek 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 that connects most of the Eastern and Midwestern US. Coal is the largest commodity by volume moving throughout the system and accounts for over 20 percent of all coal consumed in the US.

The Buck Creek permitted river load-out facility is located at mile marker 62 on the Green River, as measured from the confluence with the Ohio River. The Green meets the Ohio at mile marker 784, which is approximately 169 miles (271 km) from the Mississippi and 145 miles (233 km) from the Tennessee and Cumberland Rivers.

The width of the Green River and length of the locks enable a two-by-two arrangement (two-barges wide and two-barges long) for barge tows originating from the Buck Creek river dock. 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 near the confluence with the Green River and assembled into larger tows (i.e. 9 to 16 barge tows) to be moved to the coal power plant or export facility.

Alternative Coal Transportation

It is proposed that coal produced at the Buck Creek Project will be shipped from a barge load-out facility located on the Green River, but occasional shipments to nearby power plants may be arranged by truck. Future studies will assess the possibility of utilizing the Calvert City Terminal barge to rail trans-loading service. Located approximately 220 river miles from the Buck Creek Project river dock, SCH Services Calvert City Terminal is capable of loading railcars for delivery to customers on the CSX, NS, UP, CN, or BNSF railroads through a connection with the P&L Railroad.

Access to Seaborne Markets

To access coal export terminals in the Gulf of Mexico, barge tows from the Buck Creek river dock will travel down the Green, Ohio and Mississippi Rivers. The average transit time to the Gulf Coast is approximately 11 days with the base rate for barging being approximately US\$15.00 to US\$16.50 per ton. Coal terminals along the Mississippi River are capable of loading cape-sized vessels with up to 120,000 tons (~100,000 tonnes) of coal for service coal markets in Europe, South America and Asia.

Product Markets and Pricing

As announced on 24 February 2014, the Company commissioned an independent marketing study for the Buck Creek Project. The results of the marketing study have been incorporated into this Study. The initial target market for Buck Creek's coal is the lucrative Ohio River market consisting of large, scrubbed domestic power plants currently receiving Illinois Basin coal by barge along the Green, Ohio and Cumberland Rivers. Access to Illinois Basin coal provides a significant cost advantage for coal fired power plants. The delivered cost of coal transportation via barge using the major waterways in the US (e.g. Ohio River) is significantly lower than the delivered cost of transporting coal via rail.

Within the immediate Ohio River market surrounding the Buck Creek Project, there are over 18 power plants operated by 10 different utilities that have received product similar to Buck Creek's coal in 2012. These plants are relatively modern, efficient base load power plants which traditionally have some of the lowest fuel costs in the country.

Buck Creek's coal contains particular qualities which make it an attractive fuel source for the domestic and seaborne market. The higher heating value and lower chlorine content of Buck Creek's coal, positions it as a premium product. This is especially evident when compared to many of the new developments in the Illinois Basin which tend to have lower heating values and higher chlorine contents.



Figure 15: Typical Modern Coal Fired Power Plants on the Ohio River
(Left: 2.4GW JM Stuart Plant, Right: 1.4GW Zimmer Plant)

Coal Sales Price Forecasts

As part of the financial model for the Buck Creek Project Study, the Company has adopted an average of coal sales price forecasts prepared by a leading Illinois Basin energy specialist, Strategic Energy

Resolutions, Inc., who has consulted to a number of major local utilities and coal producers. The Company believes these forecasts are conservative in nature.

Table 6: Buck Creek Project Sales Forecasts			
2015	2020	2025	2030
US\$51 per ton	US\$55 per ton	US\$57 per ton	US\$58 per ton

Additional Market Potential

As scrubbed capacity in the US continues to expand, Illinois Basin coal is set to continue to increase in market share and displace higher cost Central Appalachian coal. Proximal rail infrastructure at the Buck Creek Project could provide additional target markets that have been historically supplied by Central Appalachian coal producers.

There is also optionality to sell Buck Creek coal into the seaborne market in the event global coal prices recover in the future. The export market for Illinois Basin coal has seen significant growth with over 15 million tons exported in 2012 compared to almost no exports in 2007.

Permitting and Socioeconomic Position

Paringa is currently in the process of transferring an active mining permit for the proposed Buck Creek mine from the vendor, Buck Creek Resources, LLC to a wholly owned subsidiary of Paringa. The permitted property consists of two individual areas. The surface is controlled on both of these areas. The larger of the two areas, along Cypress Creek, is the proposed location of the mine site and coal preparation facilities. The other location along the Green River is the proposed (alternate) site for a barge load-out.

Cardno MM&A performed an Environmental Audit for the Buck Creek Project. As part of this Environmental Audit, Cardno reviewed federal, state, and local regulatory records, investigated historical uses of the subject property and potential sources of environmental contamination of the parcel and conducted interviews with State agency personnel to evaluate whether Recognized Environmental Conditions (RECs) or conditions indicative of releases and threatened releases of hazardous substances are on, at, in, or adjacent to the subject property. This Environmental Audit did not reveal the presence of any RECs associated with the subject property or operations proposed at the subject property.

Population Centres

The Buck Creek Project is located in the western section of Kentucky approximately 30 miles south of Henderson, Kentucky (population 28,757) and between the towns of Calhoun (population 763) to the east and Hanson (population 742) to the west. The property is located within a 45-minute drive of Evansville, Indiana (metro population of 358,676) and within a two-hour drive of Louisville, Kentucky (metro population of 569,135) and Nashville, Tennessee (metro population of 1,589,934). Given the importance of coal mining to the region, community attitudes towards new underground coal mine developments are positive.



Figure 16: Town of Calhoun and the Green River

Study Consultants

The Study was managed by Cardno MM&A with utilisation of local industry consultants with expertise in coal mine development in the Illinois Basin region to analyse the various components of the Study, including (but not limited to) the design of slope and shafts, design of mine, design of processing facilities, and the preparation of coal marketing studies.

Cardno MM&A has over 38 years of expertise in mining engineering, mine reserve evaluation, feasibility studies and due diligence services for mining and resource projects across the globe, and is a subsidiary of Cardno Limited, an ASX-200 professional infrastructure and mining services company.

Table 7: Buck Creek Scoping Study Consultants	
Consultant	Activity
Cardno MM&A	Geology, Mineral Resource Estimation, Mine Planning and Cost Estimation, and Study Management
Appalachian Mining & Engineering, Inc.	Ground Control Design
William E. Groves Construction, Inc.	Electrical System Preliminary Design and Cost Estimation
Strategic Energy Resolutions, Inc.	Market Assessment and Preliminary Marketing Plan
Pittman Mine Service, LLC	Preliminary Design and Cost Estimates for Slope and Shafts
General Mine Contracting, Inc.	Preliminary Preparation Plant Design and Cost Estimation

ASX Additional Information

The Production Target contained in this announcement, and the forecast financial information derived from the Production Target contained in this announcement, are based on the material assumptions contained within this announcement which are summarised below:

Table 8: Assumptions	
Maximum Accuracy Variation	+/- 30%
Minimum LOM	16 years
Mining Method	Underground / room-and-pillar
Modelled Seam Thickness	47 inches
Average Mining Height	54 inches
Total Work Days per Year	276
Productivity Rate (feet advance per unit shift at steady state production)	560 feet
Annual ROM Coal Production (tons)	4.7 Mtpa
Capacity CHPP	800 raw tons per hour
Utilisation CHPP	95%
Yield CHPP	71%
Processing Method	Dense Media 3-stage
Annual Clean Coal Production (tons)	3.40 Mtpa
Average Direct Mining Costs (Steady State)	US\$23.3 per ton
Average CHPP costs (Steady State)	US\$4.1 per ton
Average Other (Steady State)	US\$1.0 per ton
Total Average Operating Costs (Steady State)	US\$28.4 per ton
Total Initial Capital Costs	US\$109 million
Mine Royalty	4.0%
Leased Equipment - Operating Lease	Costs included in Average Direct Mining Costs
Leased Equipment - Interest Rate (Real Basis)	6.0%
Leased Equipment - Term	5 to 7 years
Leased Equipment - Original Cost	US\$60 million
Leased Equipment - Residual Value	20%
Mine Overriding Royalty	0.5%
Kentucky State Severance Taxes	4.5%
Coal Sales Price (2015)	US\$51 per ton
Coal Sales Price (2020)	US\$55 per ton
Coal Sales Price (2025)	US\$57 per ton
Coal Sales Price (2030)	US\$58 per ton

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.

The announcement has been prepared in compliance with JORC Code 2012 Edition and ASX Listing Rules and the requirements for a Preliminary Economic Assessment in accordance with NI43-101.

In addition to complying with the above requirements, the Company believes that it also has a reasonable basis for making the forward looking statements in this announcement, including with respect to any production targets, based on the information contained in the announcement and in particular:

- a. The proportion of the Buck Creek Project mine plan that relates to Inferred Coal Resources is only approximately 10%. As disclosed in this announcement, the Project is located in a well-established coal region, with a number of nearby profitable operating coal mines which have some of the highest profit margins for thermal coal in the USA. Furthermore, the nature of the Project's geology and mineralization are relatively simple, consistent and flat. Based on the advice from the relevant Competent Persons, the Company has a high degree of confidence that the Inferred Coal Resources for the Project will upgrade to an Indicated Coal Resources classification with further exploration work, which may include further drilling. The current classification as an Inferred Coal Resource is based on a conservative approach, which is expected to be reassessed as the Project develops.
- b. In the unlikely event that the Inferred Coal Resource is not able to be upgraded, the Project's viability is not affected. Furthermore, due to the flexibility of a room-and-pillar mining operation, if a proportion of the mine plan that relates to the Inferred Coal Resource cannot be economically mined, then that area can be relatively easily mined around.
- c. As discussed above, the Buck Creek Project is located in the highly sought after, high growth Illinois Coal Basin and is adjacent to some of the most highly productive underground coal mines in the US. The local Western Kentucky region is a very mature coal mining region, having mined coal since the early 1800's. Local population centres and mining services and equipment operators will provide the majority of resources required to develop and operate the Buck Creek Project.
- d. Newly constructed and existing adjacent operating underground mines in the region with the same geological setting and using identical room-and-pillar mining techniques provide benchmarks and inputs for various modifying factors, including sales price for coal, mine plan, mining methods, capital expenditure and operating costs in relation to the Buck Creek Project.
- e. The Scoping Study report and Coal Resource Estimate were prepared by Cardno MM&A who are an independent firm and have over 38 years of expertise in mining engineering, mine reserve evaluation, feasibility studies and due diligence services for mining and resource projects across the globe. Cardno MMA is a subsidiary of Cardno Limited, an ASX-200 professional infrastructure and mining services company.
- f. As part of the process for preparing the Scoping Study, when required Cardno MMA obtained various inputs into assessing the modifying factors and utilised local experts who have regional experience in the coal sector, and in particular, have relevant experience in a number of the

nearby coal mines. As a result of this expertise, a number of modifying factors have been considered in greater detail and accuracy level than what would normally be expected for a Scoping Study. Further details of these consultants are outlined below.

- g. The management team of Paringa has a successful track record in the exploration, permitting, development and operation of coal mines in the US, and the Illinois Coal Basin, and who have worked for some of the largest coal producers in the US.
- h. The Project has access to existing underutilised infrastructure, in particular direct access to low cost barge transportation and the lucrative Ohio River market, adds to the competitiveness of the Buck Creek mine and low capital cost development requirements.
- i. Permits required to develop, operate and transport coal within the Buck Creek Project have been allocated and are currently in the process of being transferred from the original vendor to a 100% US-based subsidiary of Paringa in accordance with contractual requirements. This transfer process is now administrative in nature and is expected to be completed in the coming weeks.
- j. Given the Project's fundamentals, including a relatively low capital expenditure requirement to initial production, having access to underutilized infrastructure and being located in a highly sought after and profitable coal region in the USA, there are many financing alternatives available to the Company, including the well-established USA corporate bond market for coal projects with reserves, strategic investors, debt, strategic partnerships / joint ventures, asset financing or a combination thereof. Given the long history of financing coal projects in the region, the Company is confident of the future funding capabilities of the Buck Creek Project. Accordingly, the Scoping Study report has also been prepared in accordance with the requirements of a Preliminary Economic Assessment under NI 43-101, as the likely funding parties for the Project and / or the Company are expected to be at least in part, based in the USA.
- k. Sale price and marketing potential of the Project's coal are based on an independent coal marketing study (see below for further details). The independent marketing study confirmed that the coal from the Buck Creek Project is a highly attractive product for both the expanding domestic market for Illinois Basin coal and seaborne markets. The marketing study also confirmed that the Project's coal has higher heating value, lower sulphur and lower chlorine content than many of the other mines in the region and is expected to be positioned as one of the better products in the Illinois Basin, able to be sold to the existing lucrative regional river market consisting of large, scrubbed and efficient domestic power plants.
- l. Coal marketing study and provision of coal sales forecasts undertaken by Strategic Energy Resolutions, Inc. which is led by Mr. Daniel L. Rimstidt (President). Mr Rimstidt is a leading Illinois Coal Basin specialist and energy industry consultant with expertise in the procurement of coal, limestone, fuel oil and natural gas used in the generation of electricity. Mr Rimstidt has broad complementary experience in strategic planning, negotiation, contract administration, market research, business development and conflict resolution. For over thirty-five years he has established relationships with a wide array of coal suppliers, electric utilities, railroads, barge lines and consultants involved in the supply, transport and use of coal in the United States.
- m. Geotechnical test work was undertaken by Appalachian Mining & Engineering, Inc. ("AME") 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.

- n. Electrical system preliminary design and cost estimation was undertaken by William E. Groves Construction, Inc. ("WEGC") based in Madisonville, Kentucky. WEGC has a number of clients that include power companies, municipalities, electric cooperatives, industrial, commercial, and coal companies throughout Kentucky, Indiana, Illinois, and Tennessee, US.
- o. Coal preparation plant preliminary design and cost estimation was undertaken by General Mine Contracting, Inc. ("GMC") based in Henderson, Kentucky. GMC have been responsible for the design and construct of local underground coal operations over a number of years. GMC has designed and built the majority of the coal preparation plants in the area for the past 10 years.
- p. Preliminary design and cost estimates for mine slopes and shafts was undertaken by Pittman Mine Service, LLC, an experienced slope and shaft contractor in the region.

Competent Persons Statement

The information in this report 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' 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. Mr. Suehs consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on information compiled or reviewed by Messrs. Justin S. Douthat, Gerard J. Enigk and George Oberlick, all of whom are Competent Persons and are Registered Members of the Society for Mining, Metallurgy & Exploration (SME). Messrs. Douthat, Enigk and Oberlick are employed by Cardno MM&A. Messrs. Douthat, Enigk and Oberlick have sufficient experience that is relevant to the type of mining, coal preparation and cost estimation 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. Messrs. Douthat, Enigk and Oberlick consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Cautionary Statements

Certain information (other than statements of historical fact) set forth in this press release contains "forward-looking statements", and "forward- looking information" under applicable securities laws. The results of the Study represent forward-looking information, including in particular statements regarding projected production, capital and operating costs, metal recoveries, mine life and production rates. Some of the forward- looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. In making the forward looking statements in this news release, the Company has applied several material assumptions, including but not limited to the price of coal. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Paringa's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: liabilities

inherent in mine development and production; geological, mining and processing technical problems; Paringa's inability to obtain required mine licenses, mine permits and regulatory approvals required in connection with mining and mineral processing operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in commodity prices and exchange rates; currency and interest rate fluctuations; various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions; the demand for and availability of transportation services; the ability to secure adequate financing and management's ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be correct.

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

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> > <i>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.</i> > <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> > <i>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.</i> 	<ul style="list-style-type: none"> > Paringa Drilling Program <ul style="list-style-type: none"> ○ The nine holes from the 2013 exploration program 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. > Previous Drilling Programs <ul style="list-style-type: none"> ○ Prior to 1950, Oil and Gas drilling was the primary source of seam thickness and elevation data for the West Kentucky No. 9 (WK No.9) seam; no core samples were retrieved. ○ In 1950 the Kentucky Geological Survey (KGS) began acquiring core data from drill holes in and adjacent to the property; no core samples from this drilling have been examined by Paringa. ○ In 2009 Buck Creek Resources, LLC ("BCR") began a drilling program that continued through 2011. The program consisted of continuous core drilling and air rotary spot core drilling designed for seam delineation and acquisition of coal samples for analyses. <ul style="list-style-type: none"> ▪ The last 10 drill holes in this program were air rotary holes and no coal core samples were collected.
Drilling techniques	<ul style="list-style-type: none"> > <i>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.).</i> 	<ul style="list-style-type: none"> > Paringa and Buck Creek Drilling <ul style="list-style-type: none"> ○ The spot core 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. ○ The continuous core drilling was completed entirely with 3" diameter cores.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> > <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> > <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> > <i>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.</i> 	<ul style="list-style-type: none"> > 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	<ul style="list-style-type: none"> > <i>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.</i> > <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i> > <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> > Cored samples were geologically logged by the driller and by an independent third party geologist. > All holes drilled during the 2009 through 2013 programs were geophysically logged by an independent third party using downhole density, gamma, and sonic tools.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> > <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> > <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> > <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> > <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> > <i>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.</i> > <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> > Core was not divided for sampling.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> > <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> > <i>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.</i> > <i>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.</i> 	<ul style="list-style-type: none"> > All sampling and analyses were performed by independent third parties. > Quality analysis was carried out by SGS North America Inc. and Standard Laboratories, 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.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> > <i>The verification of significant intersections by either independent or alternative company personnel.</i> > <i>The use of twinned holes.</i> > <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> > <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> > 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	<ul style="list-style-type: none"> > <i>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.</i> > <i>Specification of the grid system used.</i> > <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> > Coordinates for the drill hole locations are in the Kentucky South, State Plane system, North American Datum 1927. Surveyed locations were available for all of the drill holes from the 2009 through 2013 drilling programs. > Coordinates for the oil and gas wells and those drill holes obtained from the KGS were provided by the KGS and the method of determination is unknown. > Topography is based on the United States Geological Survey's (USGS) topographic quadrangle maps.
Data spacing and distribution	<ul style="list-style-type: none"> > <i>Data spacing for reporting of Exploration Results.</i> > <i>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.</i> > <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> > Various sources of data were utilized, as such, spacing of the drill holes used to model the WK No.9 seam resource varied across the property ranging from 500 feet (152m) in the eastern portion of the property to 10,000 feet (3,048m) in the western portion of the property. > As prescribed by the USGS the following distances between points of observation were used to define the corresponding Resource category arcs: <ul style="list-style-type: none"> o Inferred Resources – greater than 3,960 feet (1,207m) but less than 15,840 feet (4,828m) or 3 miles apart. o Indicated Resources – 3,960 feet (1,207m) apart. o Measured Resources – 1,320 feet (402m) apart. > Correlation of the WK No.9 seam is relatively simple due to the thickness and continuity of the seam. > Inferred, Indicated, and Measured resource classifications have been reported which reflects the expansive spacing and extent of the supporting data used for the resource estimate. > The exploration results from the 2013 drilling program 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).

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> > 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. 	<ul style="list-style-type: none"> > Drill holes have been vertically drilled. No downhole deviation logs have been collected and it is therefore not known 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	<ul style="list-style-type: none"> > The measures taken to ensure sample security. 	<ul style="list-style-type: none"> > 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	<ul style="list-style-type: none"> > The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> > Cardno has reviewed all available geological information for the property in developing the geologic model, except for the nine drill holes from the 2013 drilling program. The data is suitable and has been used for the purpose of generating a Coal Resource estimate in accordance with the JORC Code 2012 Edition.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> > Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. > The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> > All exploration work from the 2013 drilling was conducted on leased coal tracts. > There are no known legal or environmental encumbrances that would impede coal property acquisition.
Exploration done by other parties	<ul style="list-style-type: none"> > Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> > All exploration performed during the 2013 drilling campaign was done by third party contractors under the direction of Paringa staff. > The oil and gas exploration was carried out by several drilling entities. The largest collection of drill holes was carried out by the KGS in the 1950's. The latest drilling conducted by other parties was by BCRs between 2009 and 2011.
Geology	<ul style="list-style-type: none"> > Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> > The project is located in the West Kentucky Coal Fields, which is part of the Illinois Basin. > The coal seam is generally thick, flat, consistent, and laterally continuous.

Criteria	JORC Code explanation	Commentary
Drill hole Information	<ul style="list-style-type: none"> > A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> > easting and northing of the drill hole collar > elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar > dip and azimuth of the hole > down hole length and interception depth > hole length. > If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> > All drill holes are provided with a Kentucky South NAD 27 easting and northing coordinate. > All drill holes have been vertically drilled on flat topography.
Data aggregation methods	<ul style="list-style-type: none"> > In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. > Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. > The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> > Average coal quality was area weighted using the Polygonal Area Technique, as prescribed by the Society for Mining, Metallurgy & Exploration (SME) and published in the 3rd edition of the SME Handbook.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> > These relationships are particularly important in the reporting of Exploration Results. > If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. > If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> > Coal thickness values from all coal intersections and down hole geophysical logs are considered to be vertical thicknesses.
Diagrams	<ul style="list-style-type: none"> > Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> > For a scaled plan view of the drill hole collar locations from the 2013 drilling campaign please see Figure 3.
Balanced reporting	<ul style="list-style-type: none"> > Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> > All of the relevant exploration data is available.

Criteria	JORC Code explanation	Commentary
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> > <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> > Exploration quality data obtained between 2009 and 2013 by Buck Creek Resources and Paringa was utilized in preparing the overall average quality.
<i>Further work</i>	<ul style="list-style-type: none"> > <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> > <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> > Further exploration work is expected to commence in the second quarter of 2014.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Database integrity</i>	<ul style="list-style-type: none"> > <i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i> > <i>Data validation procedures used.</i> 	<ul style="list-style-type: none"> > All data except for the nine drill holes from the 2013 drilling program have been validated prior to being imported into the geological database used to build the geological model. > Seam picks for all core drill holes have been compared to lithological logs, sample intervals, and geophysical logs where available.
<i>Site visits</i>	<ul style="list-style-type: none"> > <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> > <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> > A site visit, including Cardno's representative Mr. George Oberlick, P.E., was conducted at the Paringa Property on December 17 and 18, 2013. Mr. George Oberlick P.E. is one of the QPs for this report. As part of the site visit, Cardno met with Paringa personnel including Messrs. David Gay, Matt Haaga, and Mike Curry to discuss Paringa's planned future operations. Cardno also visited the locations for the proposed surface facilities, river dock, and underground mine.
<i>Geological interpretation</i>	<ul style="list-style-type: none"> > <i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i> > <i>Nature of the data used and of any assumptions made.</i> > <i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i> > <i>The use of geology in guiding and controlling Mineral Resource estimation.</i> > <i>The factors affecting continuity both of grade and geology.</i> 	<ul style="list-style-type: none"> > A total of 163 drill holes have been used to define the WK No.9 seam coal deposit and provide the basis for a good understanding of the geology of the project area. > Three mines in the WK No.9 seam are actively operating in areas to the north, west and south of the area of interest as shown on the diagram included in this report. > Faulting is present throughout the area, the extent of which is well documented by the KGS. > The geology of the Buck Creek Project is sufficiently understood through the exploration data and historical public records for estimation of the Resource.

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<i>Dimensions</i>	<ul style="list-style-type: none"> > <i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i> 	<ul style="list-style-type: none"> > The geological model for the Buck Creek project covers an area in excess of 72,000 acres, 25,000 of which are currently leased. > The overburden thickness varies from less than 400 feet (122m) in the south eastern portion of the property to more than 1,100 feet (335m) in the north western corner.
<i>Estimation and modelling techniques</i>	<ul style="list-style-type: none"> > <i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i> > <i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i> > <i>The assumptions made regarding recovery of by-products.</i> > <i>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</i> > <i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i> > <i>Any assumptions behind modelling of selective mining units.</i> > <i>Any assumptions about correlation between variables.</i> > <i>Description of how the geological interpretation was used to control the resource estimates.</i> > <i>Discussion of basis for using or not using grade cutting or capping.</i> > <i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i> 	<ul style="list-style-type: none"> > Exploration and oil and gas drill hole information was used to develop a geologic model, which was used as the basis of the Resource estimation. > Coal seams were identified from drill holes based on lithological logging by a competent geologist, and cross referenced with downhole geophysical survey logs where available. > Seam correlation across the drill holes was completed by BCR and Cardno geologists. All correlations were verified by Cardno. > Coal seams from cored drill holes were sampled and sent to laboratory for testing. > Geological data was imported into Surfer 8 and Carlson Mining® (formerly SurvCADD®) geological modelling software in the form of Microsoft® Excel files incorporating, drill hole collars, seam and thickness picks, bottom seam elevations and raw and washed coal quality. These data files were validated prior to importing into the software. > Once imported, a model was created for all of the mapped seam and geologic and quality features. > The geological model was verified and reviewed. > Resources were estimated by defining seam thickness at each point of observation and by defining resource confidence arcs around the points of observation. > Points of observation for Measured and Indicated confidence arcs were defined for all drill holes that intersected the seam. > As prescribed by the USGS the following distances between points of observation were used to define the corresponding Resource category arcs: <ul style="list-style-type: none"> ○ Inferred Resources – greater than 3,960 feet (1,207m) but less than 15,840 feet (4,828m) or 3 miles apart. ○ Indicated Resources – 3,960 feet (1,207m) apart. ○ Measured Resources – 1,320 feet (402m) apart. > Resources were then estimated from the geological model using the resource categorization polygons for the WK No.9 seam to limit the estimate to within the area defined by each polygon.

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<i>Moisture</i>	<ul style="list-style-type: none"> > <i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i> 	<ul style="list-style-type: none"> > Resource tonnage has been estimated and reported on an in-situ air dry basis. > Equilibrium moisture is reported to range between 4.5% and 8.1%. > Based on the Cardno estimate of the equilibrium moisture conditions, Resource tons estimated on a dry basis will be less than Resource tons reported on an in-situ moisture basis. Therefore, reporting Resource tons on an air dried basis is a more conservative approach.
<i>Cut-off Parameters</i>	<ul style="list-style-type: none"> > <i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> > Resource tonnage was estimated within the approximately 25,000 acres of controlled coal. > Resource tons were terminated at a minimum seam thickness of 3.0 feet. > A 200-foot mine exclusion zone was applied to each side and terminus of the identified faults. > No coal quality cut-off parameters were applied.
<i>Mining factors or assumptions</i>	<ul style="list-style-type: none"> > <i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i> 	<ul style="list-style-type: none"> > No mining factors (i.e. dilution, coal loss, recoverable resources at selective mining block size) have been applied.
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> > <i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i> 	<ul style="list-style-type: none"> > The WK No.9 seam is a thermal product therefore no metallurgical assumptions have been applied in estimating the Resource.

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<i>Environmental factors or assumptions</i>	<ul style="list-style-type: none"> > <i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i> 	<ul style="list-style-type: none"> > No environmental assumptions have been built into the geological model or the Resource estimate. > Cardno is not aware of any significant environmental risk or encumbrances to mine development associated with the Buck Creek Project. The land is currently primarily used for farming.
<i>Bulk density</i>	<ul style="list-style-type: none"> > <i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i> > <i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i> > <i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i> 	<ul style="list-style-type: none"> > Laboratory derived seam densities measured in pounds per cubic foot were established for each coal sample analysed and used to estimate the Resource tons. > Coal Resources were estimated and reported on an air dry basis. > Resource tons estimated on an air dried basis will be less than Resource tons reported on an in-situ moisture basis. Therefore, reporting Resource tons on an air dried basis is a more conservative approach and suitable for this deposit.
<i>Classification</i>	<ul style="list-style-type: none"> > <i>The basis for the classification of the Mineral Resources into varying confidence categories.</i> > <i>Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i> > <i>Whether the result appropriately reflects the Competent.</i> > <i>Person's view of the deposit.</i> 	<ul style="list-style-type: none"> > The Resource has been classified based on suitable distances from points of observations prescribed in the USGS Circular 891 and the United States Security and Exchange Commission's Industry Guide 7. > Points of observation that included seam thickness have been extracted from cored drill holes, air rotary drill holes and a select few oil and gas wells.

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Audits or reviews	<ul style="list-style-type: none"> > <i>The results of any audits or reviews of Mineral Resource estimates.</i> 	<ul style="list-style-type: none"> > The geological model and Resource estimation have been conducted by Mr. Kirt W. Suehs, Senior Geologist with Cardno. > Cardno constructed the geological model after validation of the raw data and data processed previously by personnel from BCR. > The geological model was reviewed by checking the data in the geologic model against the actual data. > The geological model was verified by a series of cross sections and contour plans. > Mr. Justin Douthat, Director of Engineering Services for Cardno MM&A and Mr. Peter Taylor, Vice President with Cardno MM&A, peer reviewed the resource estimation and found it to be satisfactory with no fatal flaws.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> > <i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i> > <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> > <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> > The geological model used for the Resource estimation has been constructed by Cardno and all data has been validated. > Resource estimation has been completed using standard coal estimation methods which are deemed appropriate for this deposit. > Resources have been categorized based on valid points of measurements and distances from points of observation as prescribed in the USGS Circular 891 and the United States Security and Exchange Commission's Industry Guide 7. > The categories reflect the underlying confidence in the resources over the Project area.