



PARINGA RESOURCES LIMITED

ACN 155 933 910

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**NOTICE OF GENERAL MEETING**

**A General Meeting of the Company will be held at the Conference Room, Ground Floor, BGC Centre, 28 The Esplanade, Perth, Western Australia on Thursday, 13 June 2019 at 10:00am (WST).**

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*This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their stock broker, investment advisor, accountant, solicitor or other professional adviser prior to voting.*

**Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on + 61 8 9322 6322.**

**Shareholders are urged to attend or vote by lodging the Proxy Form enclosed with the Notice.**

## **NOTICE OF GENERAL MEETING**

Notice is hereby given that a general meeting of Shareholders of Paringa Resources Limited (**Company**) will be held at the Conference Room, Ground Floor, BGC Centre, 28 The Esplanade, Perth, Western Australia on Thursday, 13 June 2019 at 10:00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum, Proxy Form and Schedules form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Tuesday, 11 June 2019 at 5.00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1 of the Explanatory Memorandum.

## **AGENDA**

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### **1. Resolution 1 – Authorise Issue of Lender Options**

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*“That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of 7,000,000 Options to Tribeca Global Natural Resources Limited, Tribeca Global Natural Resources Credit Master Fund, Equity Trustees Limited as trustee of the Tribeca Global Natural Resources Credit Fund and/or their nominees (together, the **Lenders**), on the terms and conditions in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Lenders or any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### **2. Resolution 2 – Authorise Issue of Advisor Shares**

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*“That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of 3,000,000 Shares to Argonaut Capital Limited and/or its nominees (the **Advisor**), on the terms and conditions in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Advisor or any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 3. Resolution 3 – Ratification of Issue of Lender Options

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 18,000,000 Options to the Lenders, on the terms and conditions in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Lenders or any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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Dated May 13, 2019

**BY ORDER OF THE BOARD**



**GREG SWAN**  
Company Secretary

## **EXPLANATORY MEMORANDUM**

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### **1. Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at the Conference Room, Ground Floor, BGC Centre, 28 The Esplanade, Perth, Western Australia on Thursday, 13 June 2019 at 10:00am (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Resolution 1 – Authorise Issue of Lender Options
Section 4:	Resolution 2 – Authorise Issue of Advisor Shares
Section 5:	Resolution 3 – Ratification of issue of Lender Options
Schedule 1:	Definitions
Schedule 2:	Terms and Conditions of Lender Options

The Schedules and Proxy Form are located at the end of the Explanatory Memorandum.

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### **2. Action to be taken by Shareholders**

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

#### **2.1 Proxies**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 10:00am (WST) on Tuesday, 11 June 2019 at 10:00am, being at least 48 hours before the Meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

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### **3. Resolution 1 – Authorise Issue of Lender Options**

#### **3.1 Background**

On 26 April 2019, the Company announced that it had executed a term facility agreement with, among others, Tribeca Global Resources Credit Pty Ltd (as agent), Tribeca Global Natural Resources Limited, Tribeca Global Natural Resources Credit Master Fund and Equity Trustees Limited as trustee of the Tribeca Global Natural Resources Credit Fund (as original lenders) (**Term Loan Facility**).

The Term Loan Facility permits the Company to draw down up to US\$56 million to refinance existing debt, fund accelerated expansion at the Poplar Grove operations and for general working capital. On 1 May 2019, the Company announced that it had drawn down the first tranche of US\$40 million and repaid the Company's existing US\$21.7 million debt facility with Macquarie Bank Limited in full.

The second tranche of US\$16 million is expected to be drawn down in the second half of 2019, subject to the Lenders' discretion, satisfaction of certain ramp-up tests and other customary conditions precedent.

The Term Loan Facility is an attractive funding package that provides low overall cost, low shareholder dilution and flexibility in relation to early repayment. Importantly, the Term Loan Facility will fund Paringa to commence the expansion of production to 2.8Mtpa at Poplar Grove, which it previously planned to fund out of free cash flow.

Refer to the Company's ASX announcements dated 20 March 2019, 26 April 2019 and 1 May 2019 for a summary of the key terms of the Term Loan Facility.

Under the Term Loan Facility:

- (a) the Company must issue 18,000,000 Options to the Lenders on or about the date of the first drawdown, each with a strike price of \$A0.20 and expiring 4 years from the date of issue; and
- (b) subject to Shareholder approval, the Company must issue a further 7,000,000 Options to the Lenders on the same terms (**Lender Options**).

The Company has issued the 18,000,000 Options to the Lenders (refer to the Appendix 3B dated 30 April 2019).

Resolution 1 seeks Shareholder approval for the issue of the Lender Options to the Lenders, being 7,000,000 Options that convert into one Share on exercise, with a strike price of \$A0.20 and expiring 4 years from the date of issue. Refer to Schedule 2 for the full terms and conditions of the Lender Options.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

#### **3.2 Listing Rule 7.1**

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

The effect of passing Resolution 1 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

#### **3.3 Specific information required by Listing Rule 7.3**

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the issue of the Lender Options:

- (a) The maximum number of Lender Options to be issued is 7,000,000.
- (b) The Lender Options will be issued on a date as soon as practicable following the Meeting and in any event no later than 3 months after the date of the Meeting.
- (c) The Lender Options are being issued for no consideration under the terms of the Term Loan Facility.
- (d) The Lender Options will be issued to the Lenders.
- (e) The Lender Options will be issued on the terms and conditions detailed in Schedule 2.
- (f) No funds will be raised from the issue of the Lender Options.

- (g) A voting exclusion statement is included in the Notice for Resolution 1.

### **3.4 Director Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 1.

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## **4. Resolution 2 – Authorise Issue of Advisor Shares**

### **4.1 Background**

Argonaut Capital Limited is Paringa's financial advisor in relation to the Term Loan Facility.

The Company has agreed to issue 3,000,000 Shares to the Advisor for advisory services provided in relation to the Company's debt financing (**Advisor Shares**), subject to obtaining Shareholder approval.

Resolution 2 seeks Shareholder approval for the issue of the Advisor Shares to the Advisor.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

### **4.2 Listing Rule 7.1**

Refer to Section 3.2 for a summary of Listing Rule 7.1.

The effect of passing Resolution 2 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

### **4.3 Specific information required by Listing Rule 7.3**

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the issue of the Advisor Shares:

- (a) The maximum number of Advisor Shares to be issued is 3,000,000.
- (b) The Advisor Shares will be issued on a date as soon as practicable following the Meeting and in any event no later than 3 months after the date of the Meeting.
- (c) The Advisor Shares are being issued for no consideration for financial advisory services provided in relation to the Company's debt financing.
- (d) The Advisor Shares will be issued to the Advisor, Argonaut Capital Limited and/or its nominees.
- (e) The Advisor Shares will be fully paid ordinary shares in the capital of the Company, will be issued on the same terms and conditions as the Company's existing Shares, and will rank equally in all respects with the Company's existing Shares on issue.
- (f) No funds will be raised from the issue of the Advisor Shares.
- (g) A voting exclusion statement is included in the Notice for Resolution 2.

### **4.4 Director Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 2.

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## **5. Resolution 3 – Ratification of Issue of Lender Options**

### **5.1 Background**

On 30 April 2019, the Company issued 18,000,000 Options to the Lenders under the terms of the Term Loan Facility. Refer to Section 3.1 for further details of the Term Loan Facility.

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.4 to ratify the prior issue of the 18,000,000 Options to the Lenders.

Resolution 3 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

## **5.2 Listing Rule 7.4**

Refer to Section 3.2 for a summary of Listing Rule 7.1.

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1. The Company confirms that the issue of the Lender Options did not breach Listing Rule 7.1.

The effect of passing Resolution 3 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

## **5.3 Specific information required by Listing Rule 7.5**

In accordance with Listing Rule 7.5, the Company provides the following information in relation to the prior issue of the Lender Options:

- (a) 18,000,000 Lender Options were issued on 30 April 2019 to the Lenders.
- (b) The Lender Options were issued for no consideration under the terms of the Term Loan Facility.
- (c) The Lender Options were issued on the terms and conditions detailed in Schedule 2.
- (d) No funds were raised from the issue of the Lender Options.
- (e) A voting exclusion statement is included in the Notice for Resolution 3.

## **5.4 Director Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 3.

## Schedule 1 - Definitions

In this Explanatory Memorandum and Notice

**Advisor** has the meaning given in Resolution 2.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**Board** means the board of Directors.

**Chairman** means the person appointed to chair the Meeting convened by the Notice.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Lenders** has the meaning given in Resolution 1.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means this notice of meeting.

**Paringa** and **Company** means Paringa Resources Limited ABN 44 155 933 010.

**Poplar Grove Mine** means the Company's proposed Poplar Grove Mine located in Kentucky, USA.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution contained in this Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section of the Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.



## Schedule 2 - Terms and Conditions of Lender Options

### 1. Entitlement

Each Option (together the **Options**) entitles the holder (**Option Holder**) to subscribe for one ordinary share (**Share**) in Paringa Resources Limited (**Company**) upon exercise.

### 2. Exercise Price and Expiry Date

Each Option shall have an exercise price of A\$0.20 and shall expire 4 years from the date on which it is issued (**Expiry Date**).

### 3. Exercise Period

Each Option is exercisable at any time after the date of grant of the Option and before the Expiry Date (**Exercise Period**).

### 4. Notice of Exercise

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

### 5. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

### 6. Quotation of Shares on exercise

For so long as the Company is admitted to the official list of the ASX, application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options on the date of issue of those Shares.

### 7. Timing of issue of Shares and quotation of Shares on exercise

Where the Company is not in possession of excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) at the time it receives a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will, within 5 Business Days:

- (a) allot and issue the Shares pursuant to the exercise of the Options;
- (b) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (c) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

Where the Company is in possession of excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) at the time it receives a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will, within 20 Business Days:

- (a) allot and issue the Shares pursuant to the exercise of the Options;
- (b) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act; and
- (c) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

### 8. Participation in new issues

There are no participation rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. The Company shall give the Option Holder at least 15 Business Days' written notice prior to the record date for any capital distributions, dividend payments, pro rata issues, bonus issues or rights issues of Shares or other securities of the Company, so as to enable each Option Holder to exercise its Options prior to this date and participate in the issue if the Option Holder so elects.

**9. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option Holder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

**10. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing shareholders there will be an adjustment of the Exercise Price of an Option in accordance with the formula set out in ASX Listing Rule 6.22.2.

**11. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Option Holders may be varied to comply the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

**12. Quotation of Options**

No application for quotation of the Options will be made by the Company.

**13. Options Transferable**

The Options are only transferable provided that the transfer of Options complies with section 707(3) of the Corporations Act.

**14. Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

**PARINGA RESOURCES LIMITED**  
**ABN 44 155 933 010**

**PROXY FORM** (Please complete both pages and sign where indicated overleaf)

The Company Secretary  
 Paringa Resources Limited

**By delivery:**  
 Level 9, 28 The Esplanade  
 PERTH WA 6000

**By post:**  
 PO Box Z5083  
 PERTH WA 6831

**By e-mail:**  
 voting@paringaresources.com

**By facsimile:**  
 +61 8 9322 6558

**Name of Shareholder:**

**Address of Shareholder:**

**Number of Shares entitled to vote:**

Please mark  to indicate your directions. Further instructions are provided overleaf. Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

**Step 1 – Appoint a Proxy to Vote on Your Behalf**

I/We being Shareholder/s of the Company hereby appoint:

**The Chairman (mark box)**  **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the General Meeting of the Company to be held on Thursday, 13 June 2019 at 10:00am (WST) at the Conference Room, Ground Floor, BGC Centre, 28 The Esplanade, Perth Western Australia and at any adjournment or postponement of that Meeting.

If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is [                      ]% of the Shareholder's votes / [                      ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request.

**Important – If the Chairman is your proxy or is appointed your proxy by default**

The Chairman intends to vote all available proxies in favour of all Resolutions.

**Step 2 – Instructions as to Voting on Resolutions**

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

	For	Against	Abstain
Resolution 1 Authorise Issue of Lender Options			
Resolution 2 Authorise Issue of Advisor Shares			
Resolution 3 Ratification of Issue of Lender Options			

**Authorised signature/s**

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1  
  
 Sole Director and Sole Company Secretary

Shareholder 2  
  
 Director

Shareholder 3  
  
 Director/Company Secretary

\_\_\_\_\_  
 Contact Name

\_\_\_\_\_  
 Contact Daytime Telephone

\_\_\_\_\_  
 Date

**Proxy Notes:**

A Shareholder entitled to attend and vote at the general meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that general meeting. If the Shareholder is entitled to cast 2 or more votes at the general meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that general meeting, the representative of the body corporate to attend the general meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the general meeting the appropriate 'Certificate of Appointment of Representative' should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or an electronic copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received electronically by e-mail or by facsimile transmission at the Perth office of the Company (Level 9, 28 The Esplanade, Perth WA 6000), or by post to PO Box Z5083, Perth WA 6831, or by e-mail to [voting@paringaresources.com](mailto:voting@paringaresources.com) or by facsimile to (08) 9322 6558 if faxed from within Australia or +61 8 9322 6558 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).