



Paringa Resources Limited

Date of Lodgement: 20/12/12

Title: Company Insight - Paringa's Priorities & Outlook

Highlights of Interview

- Explains the successful Paringa raising in the current market, how the Paringa concept came about (including the ex-WMC connections) & the role of cornerstone investor, SilverLake
 - Outlines Paringa's depth of management skill & local Brazilian experience
 - Explains why the flagship Minaçu Gold Project was selected, its prospectivity and key features
 - Explains why Paringa's second Brazilian gold project (São Luis in the Guyana Shield) was selected
 - Explains basis for selecting graphite properties – interests containing historically-demonstrated graphite, in a high-grade province, obtained for almost zero cost
 - Two (2) year disciplined program with an emphasis on combining advanced exploration and cost containment
 - Summarises Paringa's value proposition & immediate work priorities.
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Record of interview:

With Dave Chapman, CEO of Paringa Resources Limited (ASX code PNL), floated on the ASX on 20 December 2012. Paringa is led by an experienced management and technical team with strong mining and Brazilian work backgrounds, and holds interests in four projects in Brazil - the Minaçu and São Luis Gold Projects and two graphite projects.

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Paringa's \$10 million IPO was successful in the current difficult market. How did you do it?

Dave Chapman, Managing Director

It was a terrific result – and I think that's because discerning investors have recognised quality.

We have:

- an excellent project base with advanced exploration targets- and very good ground;
- a focus in Brazil – which is highly prospective for gold -sharing the geology of West Africa without the political risk;
- an exploration team that is second-to-none with decades of experience in Brazil, supported by an experienced board and a strong local management group that 'knows the country'; and

- the compelling support of Silver Lake-which has funded and assisted us to this stage - and is our cornerstone shareholder. Importantly, we all share Silver Lake's technical and management values, business model and overall ethos.

With those elements, we received tremendous support from all sectors of the market – from institutions, Silver Lake's register, and the broader retail market.

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How did the Paringa concept come about?

Dave Chapman

It was a confluence of thought processes. The Paringa founders had identified a number of opportunities around the world including Brazil, and we found that Silver Lake was willing to back good management to identify and commercialise opportunities – along the lines of when Silver Lake itself formed and developed.

Our common link was that we had all worked for Western Mining both in Brazil and Australia. So there was a common understanding – a common trust if you like – and an acknowledgement of our individual capabilities and of Paringa as a whole. This enabled the concept to grow past a conversation - and develop into a funded entity with thought-out projects and real objectives.

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Could you explain the role of Silver Lake as a cornerstone investor? And why didn't Silver Lake simply buy these assets outright?

Dave Chapman

Silver Lake is Australia-focussed, and has established a very successful business model. By contrast, Paringa had a strong management presence in Brazil and had identified and acquired the assets.

Apart from Silver Lake's financial support as our cornerstone investor, it has provided strong management discipline through the vetting of projects for our portfolio. Silver Lake's mentorship has been instrumental in whittling down over 100 projects to the four (4) we currently have in the Paringa portfolio. This quality control, technical input and intellectual rigour has been incredibly important.

Silver Lake also provides for us an ongoing template of what a company is required to do in order to become a successful producer. The Silver Lake example sits very easily for all of us - there is a common philosophy, management discipline and management style.

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The prospectus says Paringa has a strong technical and commercial management team with demonstrated Brazilian experience and an ability to deliver shareholder wealth. What is this experience and expertise?

Dave Chapman

I spent nine years in Brazil as the technical director and managing director of WMC's local subsidiary, working in both Brazil and French Guyana, and covering both the operations and exploration activities of WMC throughout the country. Subsequently, between 2005 and 2009, I was part of a management team that took a large base-metal project from discovery to commissioning within 5 years. So – my experience in Brazil covers exploration to building projects right through to commissioning, and then operations and corporate management.

Our Chairman David Griffiths – also ex-WMC - brings a tremendous amount of corporate experience, and expertise in growing successful companies. He is a founder and currently a non-executive director of Silver Lake Resources.

Paulo Ilídio de Brito, our Exploration Manager, has 30 years' geological experience and spent 16 years with WMC as a senior geologist up until 2002 when WMC closed its office in Brazil. I rate him as one of the best exploration geologists in any country. Luis Mauricio Azevedo is both a lawyer and geologist in Brazil who worked with me in the early 90's. Both Paulo and Luis are very well connected and respected within the Brazilian mining industry and externally in the junior Canadian and Australian markets. Jonathan King provides us with very strong technical capability, particularly in geochemistry – much of the exploration and development will be geochemically-driven – so his role will be very important.

My wife and children are Brazilian, I speak Portuguese fluently, and so I find it very easy to operate in Brazil. My obvious significant personal commitment to the country certainly has helped in developing business relationships over the years.

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Paringa's portfolio includes two gold projects, the main one of which is the Minaçu Gold Project in central Brazil. Why has this particular project been selected, why in this location, and what are the Project's key features?

Dave Chapman

Minaçu is just an outstanding gold project. We vetted about 50 gold projects overall, and Minaçu really stood out because of the known geology, its location, and the extent of the surface workings carried out by the old Portuguese prospectors, and more recently by artisanal miners, the "garimpeiros". The workings cover a surface area of about 2 x 3 kilometres, and sporadic exploration over the last 30 years has returned some very high grades in surface sampling of the exposed lodes.

We know the garimpeiros have produced 120,000 ounces from the surface area over a 10-year period in the 80's and 90's, and the head grades they were producing were over 8 grams/tonne. We also know there's been very little effective exploration work, and very little drilling. We believe we're extremely fortunate to have secured this kind of prospect - in Australia this area would have been very heavily drilled.

Minaçu's geological environment is excellent, and is similar to that which hosts the 20 million ounce gold deposit, Morro de Ouro/Paracatu, currently mined by Kinross.

Minaçu is also very well located – close to infrastructure – 45 kilometres to a major town, in a locality with a history of supporting mining operations, ready access to workers who understand how the mining industry functions, and who have experience in exploration and mining. We're also just a one hour flight from Brasilia.

All these elements give us a strong sense of this Project's potential, and its ability to be commercialised on a cost-effective basis.

We maintain a very commercial view of our prospects. We won't do exploration for exploration's sake, and we keep a firm end-result in sight, which in Minaçu's case is a modest capex, high-grade, high-margin gold operation.

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Why do you think the Minaçu Gold Project is so prospective?

Dave Chapman

There are very strong indications of Minaçu's prospectivity for narrow vein high-grade gold mineralisation. These include the significant surface extent and historical yield of the surface workings, the number of mineralised trends, and the high grades obtained from surface sampling

We know there is gold there.

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In terms of budget and work effort, what will be the emphasis on Minaçu?

Dave Chapman

We expect to spend about \$5 million of our funding on Minaçu over a 2-year period. Initially, we will be doing a limited drilling program of about 2,000 metres to get a good sense of the geology and the structure, and then we aim to expand this into a 10,000 metre program of resource definition.

By the end of year 2, our objective is to have a resource defined for Minaçu.

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Your second Brazilian gold interest is the São Luis Gold Project in the extension of the Guyana Shield into northern Brazil. Why has this particular project been selected, why in this location, and what are the Project's key features?

Dave Chapman

São Luis is in one of the world's major underexplored geological domains, the Guyana Shield, which in geological history separated from the West African Craton when the continents shifted. Both the West African Craton and the Guyana Shield host multi-million ounce gold deposits, and the Guyana Shield already has a gold endowment of around 100 million ounces to date despite less exploration.

The São Luis Craton is at the eastern limit of the Guyana Shield, within Brazil.

Importantly, we've been able to secure a very large land package of around 1,250 square kilometres, an area which appears very attractive based on our analysis of recently released aerial magnetics.

We would not have been able to secure such a footprint in West Africa, or further west in Guyana itself. However, at São Luis we are sitting on top of similar geology and structural trends that host 6 Moz gold in a number of deposits in the immediate São Luis Craton area – which is the same geology that hosts the bulk of the known Guyana Shield and West Africa endowment ounces.

Overall - the key feature of São Luis is the underexplored, highly attractive and sizeable 1,250 square kilometre land area, in a very prospective region.

Finally, the access is simple and the infrastructure is excellent – so the support structures for future commercial development look good.

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At São Luis - why do you think significant gold target might be achievable?

Dave Chapman

Typically the Guyana Shield, Proterozoic-hosted greenstones, which are a feature of our leases, have gold deposits that can be well over 1 million ounces in size.

Locally, within the same general area as our holdings, there are two deposits over 1 million ounces and two deposits just below 1 million ounces but growing.

So – and given our land position over the right rocks - we think that a significant target is reasonable and conservative given that the size of many of the Guyana Shield deposits in similar geological and structural settings.

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Why are graphite projects included in Paringa's offering? Why 'graphite' and how does graphite 'fit' into Paringa's portfolio concept?

Dave Chapman

We didn't target 'graphite' as such. However, we were looking throughout Brazil for commodities that offered high-margin, simple processing and development technology, and ready markets. Graphite fitted the bill, and this particular opportunity was too good to ignore.

The projects are in a region in south-east Brazil which hosts Brazil's graphite production. Brazilian graphite tends to be very high-quality and Brazil produces about 7% of global production, which is about 26% of global graphite outside China.

The graphite area stood out, as there were a number of de-activated mines documented in the region, and also the State University of Rio de Janeiro had completed a Masters Thesis on the area and had identified significant graphite and manganese occurrences. At very little cost, just the cost of claiming the areas, we acquired around 35 square kilometres over three of the old mines and a further 224 square kilometres immediately to the northwest – which gave us access to 65 kilometres of strike with very prospective stratigraphy.

The graphite produced back in World War II from our São Fidélis project had very high head grades – around 35 to 40% carbon - and within the exploration area at Santo Antônio de Pádua some of our reconnaissance work returned values of up to 15% carbon in rock-chip samples. So we're excited about these particular areas for graphite, and we believe they present some very sensible, attractive and cost-effective targets for us.

Having said that - graphite is not our major focus and it will only absorb around 10% of the total budget – with the balance allocated to our two gold projects. But these graphite interests offer us a degree of optionality - for either their commercialisation or cost-effective development.

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What features recommend these two particular projects (São Fidélis and Santo Antônio de Pádua) and their locations?

Dave Chapman

The ability to obtain, at almost zero-cost, significant landholdings over very prospective graphite-bearing stratigraphy, in a proven graphite province with historically high grades. Further, the deposits sit around half-way between two major capital cities (Rio de Janeiro and Vitória) and the infrastructure is superb, with well-developed road and rail networks and a selection of ports to access.

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How will you deal with the \$10 million that has been raised?

Dave Chapman

Our program is well-structured and designed for two (2) years. We'll allocate the funds as I've described above – around \$5 million will go to Minaçu, about 10% to the graphite projects, and most of the balance will go to the São Luis Gold Project. And I should add that we don't intend to be looking to the market for further funds before the two (2) years is up. During Paringa's initial phase we have a very strong focus on advanced exploration and cost containment – so with this management discipline, available funds, and our selected projects, we believe we can make good progress and add considerable value.

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Overall, how would you summarise Paringa's value proposition?

Dave Chapman

The value proposition is very strong. First, our gold and graphite projects have significant potential; secondly, they are in an excellent geological environment, and in Brazil rather than politically-unsure Africa; thirdly, we have committed management with proven effectiveness in Brazil in both commercial and technical spheres; and finally, we have the financial and broader support of our cornerstone investor, Silver Lake.

We believe this combination presents the ingredient for success.

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What are Paringa's priorities to develop commercial value, and what is the expected work timetable?

Dave Chapman

The critical thing is to be on the ground as quickly as possible. We are currently evaluating drilling companies to initiate a drilling program in mid-January at Minaçu and we'll begin doing the geochemical work at São Luis in parallel. Our near-term objective is to take Minaçu to resource stage, and to develop drilling targets at São Luis by the end of year one.

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Thank you Dave.

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Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr David Chapman. Mr Chapman is employed by Paringa Resources Limited and is a Member of The Australasian Institute of Mining and Metallurgy. Mr Chapman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Chapman consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. Mr.Chapman accepts responsibility for the accuracy of the statements disclosed in this report.

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