

POPLAR GROVE VALUE ENGINEERING AND OPTIMIZATION REVIEW COMPLETED

HIGHLIGHTS:

- ***Detailed value engineering and optimisation review of the Poplar Grove Mine now completed***
- ***Provides improvements in safety, operating costs, and mine economics, with total capex remaining funded***
- ***Optimized coal seam access has been simplified via one major slope (i.e. decline) awarded under a fixed price contract to Frontier-Kemper, a subsidiary of Tutor Perini***
- ***Previous capex savings from fixed price contract to build the CHPP and barge load-out facility allow Paringa to use experienced contractors on a fixed price basis to develop the slope, rather than construct itself, reducing pricing and execution risk***
- ***Importantly, 90% of the total capex for the development of Poplar Grove has now been awarded on a fixed price basis, significantly reducing pricing and timing risk***
- ***Mine site excavation and development continues to gather pace with the structural foundations for the CHPP to begin in the coming weeks***
- ***Paringa continues to strengthen its execution team and recently hired the former Senior Mine Engineer at Alliance's most profitable River View mine***
- ***Paringa remains on track to deliver first coal from Poplar Grove in mid-2018***

Paringa's Managing Director and CEO, Mr. Grant Quasha, said: "Following the positive capex savings we announced from the execution of the fixed price turnkey contract for the design, procurement, construction and commissioning of the Poplar Grove Mine's CHPP and barge load-out facility, I am pleased to announce we have taken the decision to move from the box-cut development with three declines, to one major slope from surface to access the underground coal."

"The benefits include a significant improvement in safety for our staff, an increase in NPV, and a decrease in operating expenses over the life of the mine with a modest increase in total capex. Rather than developing the slopes ourselves, we have now entered into fixed price contracts for the construction of the underground coal seam access, resulting in ~90% of the project capital now locked in via fixed price contracts."

"By locking in our capital today, we are further de-risking an already low risk, low capex construction project. We continue to make excellent progress with construction at Poplar Grove, continue to strengthen the Paringa team with exceptional, motivated people and remain on track to deliver first coal from 12 months from the start of construction."



Site Excavation Continues at the Poplar Grove Mine



Site Pad Prepared for the Coal Handling and Preparation Plant ("CHPP") at Poplar Grove

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Results of Detailed Value Engineering and Mine Optimization Review

Following a detailed value engineering and mine optimization of the Poplar Grove Mine, Paringa will now access the underground coal seam via a slope (i.e. decline) from surface with two additional vertical airshafts, replacing the proposed box-cut development with three declines that were to be excavated by Paringa using short term construction equipment.

The new optimized method to access the coal at Poplar Grove via slope and shaft provides the following advantages:

- ✓ ***Increased Safety during Construction***

The construction of the slope offers several safety advantages over the box cut/declines as the slope/shafts minimize underground and highwall exposure during the construction phase of the project for Paringa employees and contractors. The airshafts will be constructed by blind-drilling with no personnel in the shafts as opposed to ventilation declines which require personnel in development and in maintenance.

- ✓ ***Increased Safety during Operations***

Operating safety advantages include the elimination of the daily exposure of the box cut highwalls to every employee as they travel underground. In addition, the newly designed airshafts require no maintenance compared to having employees maintain the ventilations slopes.

- ✓ ***Operational Mine Improvements***

The elimination of the open box-cut and highwalls, which collect water, eliminates the need for the constant inspection, maintenance and water pumping; thus, reducing operating costs including power costs over the 25 year mine life of Poplar Grove.

The smooth steel lined circular air ways created by blind drill ventilation shafts offer significant ventilation advantages over the rough, irregular airways of the declines which would accompany the box-cut development. The lower frictional air losses in the vertical air shafts results in lower ventilation air pressures and lower operating costs including lower power costs. This saving in power lasts for the life of the mine operation.

- ✓ ***More Capex Locked-up in Fixed Price Construction Contracts***

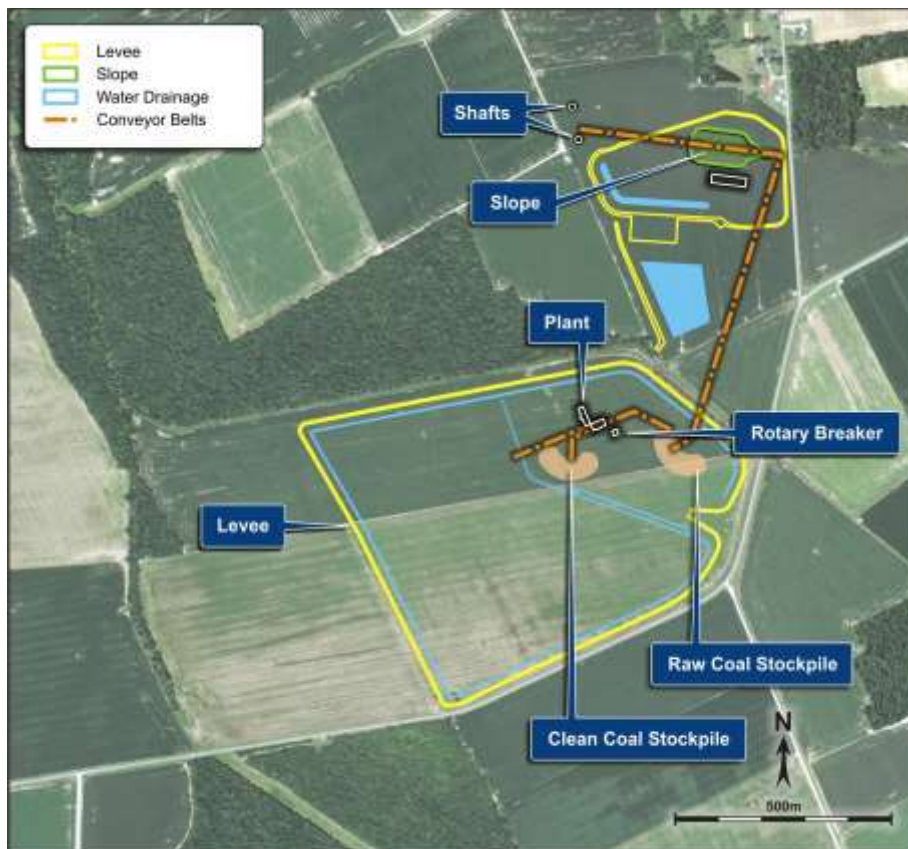
Construction of the slope and shafts by world renown and extremely experienced contractors under fixed price construction contracts eliminates the risk of cost overruns that constantly loom over owner developed declines until first coal is achieved in mid-2018. Paringa can now account for approximately 90% of the total capex budget under fixed price contracts, significantly reducing pricing and timing risk.

- ✓ ***Improved Mine Economics***

Increase of approximately \$1 million in the net present value (“NPV”) of the Poplar Grove mine from a modest reduction in operating costs over the life of the mine (approximately US\$0.25 per ton) at the cost of a slight net increase in total capital costs from US\$44.7 million to US\$48.5 million.

✓ **Poplar Grove Remains Funded**

Compared to previous total initial capital estimate of US\$44.7 million, the updated total Initial Capital for Poplar Grove has increased by US\$3.8 million to US\$48.5 million which falls within the 10% contingency accounted for during the financing of the Poplar Grove Mine. The net increase accounts for the capital cost savings following a competitive bidding process to execute a fixed price contract for the CHPP and barge load-out facility, and the increase in capital cost from the execution of a fixed price cost for the slope and shafts to access to the coal at Poplar Grove.



New Plan View of the Poplar Grove Mine

Slope Specifications

Access to the underground coal seam at the Poplar Grove mine will now be provided by a slope (decline entryway from the surface to the coal seam) for transport of personnel, materials, and run-of-mine (“ROM”) coal, and two vertical shafts for mine ventilation (i.e. intake and outtake air). The mine slope will accommodate a conveyor belt to transport ROM coal to the mine site area and a travelway for the transportation of personnel, supplies, and equipment.

Overview of the slope specifications:

- Work awarded to Frontier-Kemper Constructors, Inc. which is a subsidiary of Tutor Perini Company, one of the largest general contractors in the United States;
- Contractor will be responsible for the excavation, support, and finishing of a 15.0 ft. wide by 13.5 ft. high dual-compartment slope;

- The top compartment will house the slope conveyor;
- The bottom compartment will serve as the roadway for all men and materials to be transported into and out of the mine;
- The slope will be driven at an 8.5 degree angle from horizontal;
- Slope construction will utilize drilling & blasting;
- Roof support will be in the form of rock bolts and steel arches with cement backfill between the top of the arch and the cavity; and
- Total length of the slope will be 1,465 ft.



Example of a Slope Entry Similar to Poplar Grove Mine

Vertical Shaft Specifications

Two vertical airshafts will be constructed in order to ventilate the slope and mine. One shaft will be designed for intake (fresh) air, and the other will carry return air which has passed through the mine. The shafts will be constructed from the surface using conventional blind drilling techniques to a depth of approximately 220 feet. The finished (steel-lined) inside diameter of the shaft will be 10.5 feet. The fixed price contract was awarded to North American Drillers, Inc, the leader in blind drilled shafts.

Overview of the shaft specifications:

- Work awarded to North American Drillers who is the leader in blind drilled shafts;
- Blind drilling was chosen, in part, because it is a safer method of sinking since there are no employees working in the shaft during construction;
- The shafts will be drilled at a diameter of 12 ft. The shafts will then be cased with a steel liner to a finished diameter to 10.5 ft;
- One intake shaft will direct fresh air from the mine fan into the mine;
- One return shaft will direct air that has ventilated the mine to the surface;

- The intake shaft will be fitted with an emergency escape hoist as the primary escapeway to evacuate miners in the event of an emergency;
- Depth of both shafts is approximately 220 ft; and
- The tops of the shaft collars will be elevated to protect them from flooding.



Example of Blind Drilling of Vertical Airshafts Similar to Poplar Grove Mine

Buck Creek Development Timetable

Buck Creek	2017				2018				2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Poplar Grove</u>																				
Technical Studies	✓																			
Permitting	✓																			
Financing		✓																		
Construction			✓																	
Production (WK No.9)																				
WK No.11 Incline																				
Production (WK No.11)																				
<u>Cypress</u>																				
Construction																				
Commercial Production																				

Development Timeline of the Poplar Grove and Cypress Mines (2017 to 2021)

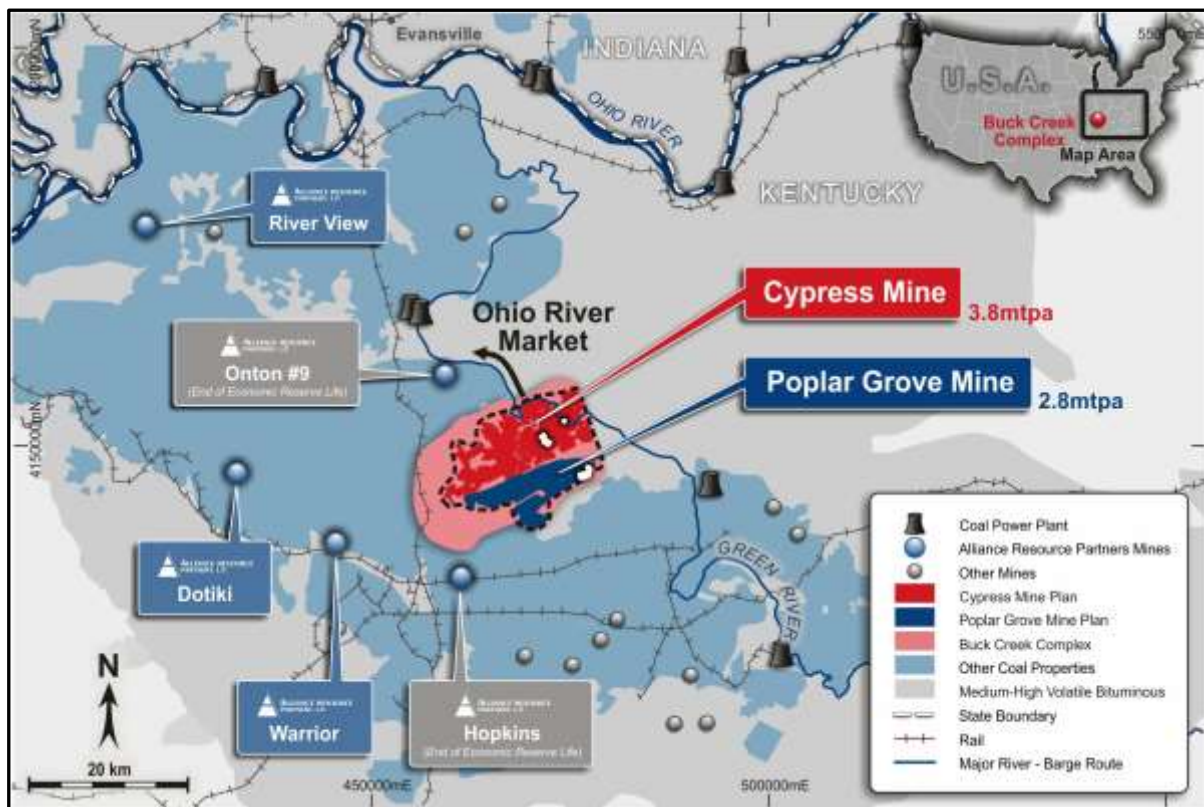
THE BUCK CREEK COMPLEX

Buck Creek coal mining complex (“**Buck Creek Complex**”) is located in the Western Kentucky region of the Illinois Basin which is one of the most prolific coal producing regions in the United States.

The Buck Creek Complex comprises almost 40,000 acres of coal leases and includes two developing mines:

1. **Poplar Grove Mine:** Permitted 2.8 Mtpa thermal coal mine which is now in construction with first coal expected 12 months from start of construction; and
2. **Cypress Mine:** Permitted 3.8 Mtpa Cypress Mine with construction set to begin by early 2019.

Refer below for a map of Paringa’s Poplar Grove and Cypress Mines and current and historical coal mining in the Western Kentucky region of the Illinois Basin.



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

Forward Looking Statements

This report may include forward-looking statements. These forward-looking statements are based on Paringa's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Paringa, which could cause actual results to differ materially from such statements. Paringa makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.

Competent Persons Statements

The information in this announcement that relates to Exploration Results, Coal Resources, Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Paringa's ASX announcements dated March 28, 2017 entitled "Expanded BFS Results Confirms Development Pathway to A\$850 million NPV" and December 2, 2015 entitled "BFS Confirms Buck Creek will be a Low Capex, High Margin Coal Mine" which are available to view on the Company's website at www.paringaresources.com.au.

The information in the original ASX announcements that related to Exploration Results and Coal Resources is based on, and fairly represents, information compiled or reviewed by Mr. Kirt W. Suehs, a Competent Person who is a Member of The American Institute of Professional Geologists. Mr. Suehs is employed by Cardno. Mr. Suehs has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as a Qualified Person as defined in the 2011 Edition of the National Instrument 43-101 and Canadian Institute of Mining's Definition Standards on Mineral Reserves and Mineral Resources.

The information in the original ASX announcements that related to Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on, and fairly represents, information compiled or reviewed by Messrs. Justin S. Douthat and Gerard J. Enigk, both of whom are Competent Persons and are Registered Members of the Society for Mining, Metallurgy & Exploration. Messrs. Douthat and Enigk are employed by Cardno. Messrs. Douthat, and Enigk have sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as Qualified Persons as defined in the 2011 Edition of the National Instrument 43-101 and Canadian Institute of Mining's Definition Standards on Mineral Reserves and Mineral Resources.

Paringa confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcements; b) all material assumptions and technical parameters underpinning the Coal Resource, Coal Reserve, Production Target, and related forecast financial information derived from the Production Target included in the original ASX announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this announcement have not been materially modified from the original ASX announcements.