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NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

21 May 2018

Dear Shareholder

PARINGA RESOURCES LIMITED ENTITLEMENT OFFER – NOTIFICATION TO ELIGIBLE RETAIL SHAREHOLDERS

I am writing to you as the registered holder of shares with a registered address in Australia and New Zealand in Paringa Resources Limited (**Paringa** or the **Company**).

On Thursday, 17 May 2018, the Company announced an accelerated non-renounceable pro rata entitlement offer on the basis of one new fully paid ordinary share (**New Share**) for every three fully paid ordinary shares in the Company (**Share**) held by eligible shareholders at an issue price of A\$0.22 per New Share to approximately A\$23.2 million (before associated costs) (**Entitlement Offer**). The Company is also undertaking a placement of 31,818,182 Shares at A\$0.22 per Share to sophisticated and professional investors to raise approximately A\$7.0 million (before costs) (**Placement**). The Entitlement Offer will be made by way of an offer document pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus needs to be prepared (**Offer Document**).

The Entitlement Offer

The Entitlement Offer is underwritten by Argonaut Capital Limited and comprises of an institutional component (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) (**Retail Entitlement Offer**). The Institutional Entitlement Offer raised approximately A\$12.2 million, and the Retail Entitlement Offer is expected to raise approximately A\$11.0 million. A total of approximately 105,641,900 New Shares will be issued (subject to rounding) under the institutional and retail components of the Entitlement Offer.

The Company will use the funds raised from the Entitlement Offer (after costs) to complete the construction of the Poplar Grove Mine, including an optimised coal seam access, upfront equipment lease payments, to satisfy the equity condition precedent to drawdown of the Macquarie Bank Limited debt financing facility, and for general working capital purposes.

The Retail Entitlement Offer is only available to shareholders whose registered address is in Australia and New Zealand as recorded with the Company's share registry as at 5.00pm (WST) on Monday, 21 May 2018 (**Record Date**) (**Eligible Shareholders**).

As a non-renounceable offer, rights are not tradeable on the ASX or otherwise transferable. New Shares will rank equally with the Company's existing Shares.

Indicative Timetable

The indicative timetable for the Entitlement Offer is as follows:

Event	Date
Announcement of Entitlement Offer	Thursday, 17 May 2018
Record Date (5.00pm WST)	Monday, 21 May 2018
Retail Entitlement Offer opens	Thursday, 24 May 2018
Institutional Entitlement Offer and Placement settlement	Monday, 28 May 2018
Issue and quotation of New Shares under Institutional Entitlement Offer and Placement Shares	Tuesday, 29 May 2018
Retail Entitlement Offer closes (5.00pm WST)	Thursday, 7 June 2018
Issue of New Shares under Retail Entitlement Offer (Retail Settlement Date)	Friday, 15 June 2018
Quotation of New Shares under Retail Entitlement Offer	Monday, 18 June 2018
Despatch of holding statements for New Shares under the Retail Entitlement Offer	Tuesday, 19 June 2018

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the directors (subject to the agreement of underwriter) reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares. The directors also reserve the right not to proceed with the whole or part of the offers at any time prior to allotment. In that event, the relevant application monies will be returned without interest in accordance with the Corporations Act.

Shortfall Offer

If the Entitlement Offer is not fully subscribed, the directors reserve the right, subject to any restrictions imposed by the Corporations Act and Listing Rules, to issue New Shares not otherwise taken up under the Entitlement Offer (**Shortfall Shares**) in accordance with the shortfall allocation policy detailed in the Offer Document (**Shortfall Offer**).

The Shortfall Offer will be a separate offer made pursuant to the Offer Document. The issue price of the Shortfall Shares will be A\$0.22 each, being the same price as the New Shares being offered under the Entitlement Offer.



Offer Document

The Company lodged the Offer Document with ASX on Monday, 21 May 2018, and it is available on the ASX website at www.asx.com.au and also on the Company's website at www.paringaresources.com. The Company expects to dispatch the Offer Document to shareholders of the Company on or about Thursday, 24 May 2018. The Offer Document will provide further details of the Entitlement Offer and the Shortfall Offer in detail.

The Offer Document will be enclosed with a personalised **Entitlement and Acceptance Form**, which will set out the number of Shares which you are entitled to under the Entitlement Issue, details of payment options and other instructions. Please read and follow these instructions carefully to ensure your acceptance is completed according to your intentions. Please note the Offer Closing Date of 5.00pm (WST) on Thursday, 7 June 2018, which is the deadline by which your completed Entitlement and Acceptance Form and application monies (in full) must be received. If you wish to apply for additional Shortfall Shares (in excess of your entitlement), you may do so by completing the relevant section on your Entitlement and Acceptance Form.

If you have any queries in relation to the Entitlement Offer or the Shortfall Offer, please do not hesitate to contact the Company Secretary of Paringa, Gregory Swan, on 61 8 9322 6322.

On behalf of the Board, we thank you for your continued support of the Company.

Yours faithfully



Gregory Swan
Company Secretary

Important Notices

This notice is issued by Paringa Resources Limited. This notice is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Paringa in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of Paringa ordinary shares.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other country. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

Because of legal restrictions, you must not send copies of this letter or any material in relation to the Entitlement Offer to any person outside Australia or New Zealand. Failure to comply with these restrictions may result in violations of applicable securities law.

The provision of this document is not, and should not be considered as, a securities recommendation or financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on the information, you should consider the appropriateness of the information, having regard to your objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.