

## FINAL CAPEX ESTIMATE FOR THE NO.2 MINE REDUCED TO US\$39 MILLION

### HIGHLIGHTS:

- **Paringa has completed its final estimate** for all the major capital items to develop the No.2 Mine, the results of which will be incorporated into the BFS due Q3 of 2016
- Final capital expenditure estimate (“Capex”) for the No.2 Mine has been **reduced to US\$39 million**.
- The revised Capex estimate represents a **saving of US\$5 million** when compared to the previous Capex estimate for the No.2 Mine
- **Significant reductions also expected to the operating costs** at the No.2 Mine due to continued reductions in the costs of labour, materials, supplies, leased equipment and fuels
- As recently announced, the permitting process for the No.2 Mine has begun and is expected to be completed so construction can begin by **Q2 of 2017**
- Also as recently announced, **almost 60% of No.2 Mine’s annual production** during the 5 year sales agreement is now contracted under the Company’s cornerstone coal sales agreement with LG&E

Paringa Resources Limited (“**Paringa**” or “**Company**”) (ASX:PNL | OTCQX:PNGZF) is pleased to advise that it has finalized the Capex estimate for the construction and development of the Company’s Buck Creek No.2 Mine (the “**No.2 Mine**”). Paringa’s proposed 1.8 million ton per annum (“**Mtpa**”) No.2 Mine is located immediately south of the Company’s proposed 3.8 Mtpa No.1 Mine, both located within the Buck Creek Mine Complex.

The final Capex estimate, based on pricing provided by vendors and contractors, encompasses all major capital items including site development, electrical substation, “box-cut” access to the coal seam, surface facilities, coal preparation plant, materials handling and the Green River barge load-out facility.

Compared to the previous Capex estimate of US\$44 million for the No.2 Mine, this final Capex estimate has reduced by US\$5 million to US\$39 million due to continued reductions in the costs of labour, materials, and supplies as well as the optimization of the facility’s design. The reduction in Capex is also an indication of the availability of highly experienced coal industry contractors and the competition among contractors to win mine development work in the Illinois Basin. The final Capex estimate will be incorporated into the Bankable Feasibility Study (“**BFS**”) which is due during the September quarter of 2016.

Paringa’s President and Chief Executive Officer, Mr. David Gay, said: “*This is an outstanding outcome for Paringa and the result of long and hard work from our US management team. We are looking forward to continuing discussions with potential financiers this year and have received exceptional feedback since announcing our revised cornerstone coal sales agreement with LG&E and KU.*”

For further information contact:

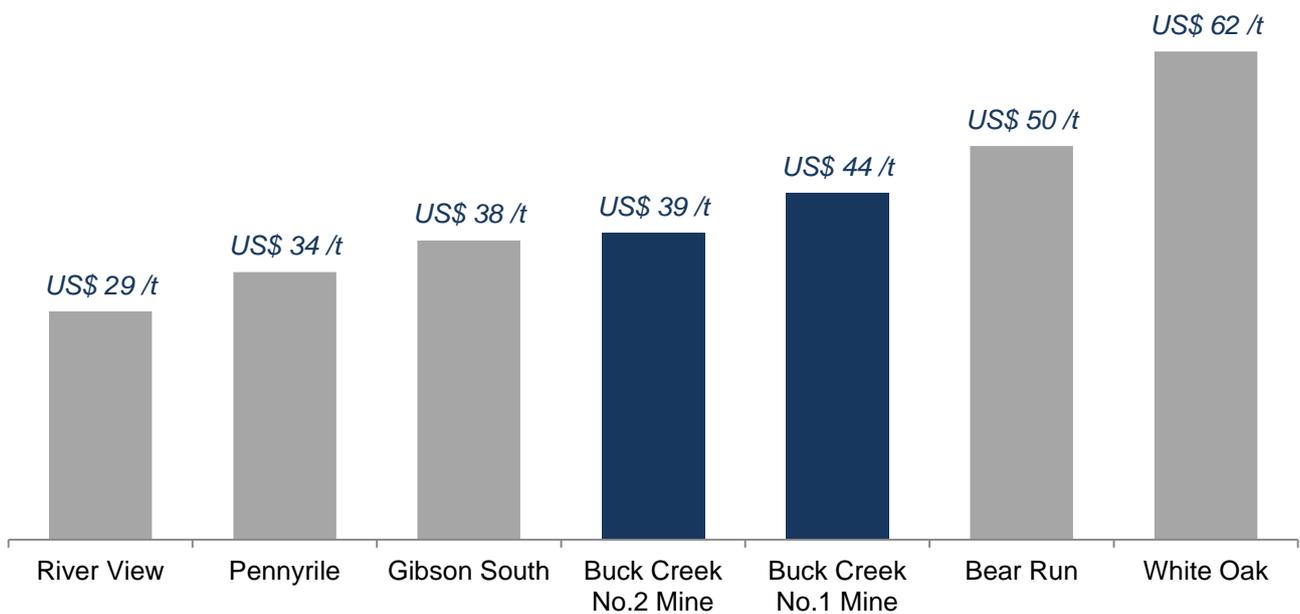
**David Gay**  
President & CEO

**Nathan Ainsworth**  
VP, Business Development

The Buck Creek Mine Complex (includes both No.2 and No.1 Mines) is located in one of the best-served and infrastructure advantaged coal regions in the US. All construction services, construction personnel, contractors and equipment will be supplied by firms who are operating in the region.

Capital costs for the No.2 and No.1 Mines have been benchmarked against similar underground mines in the region that mine the Western Kentucky No.9 (“**WK No.9**”) coal seam in similar conditions, utilizing identical mining and processing techniques and equipment.

In addition, the capital intensity (inclusive of leased equipment) of the No.2 Mine is similar to other new coal developments in the Illinois Basin by public listed companies that have started construction since 2007.



**Figure 1: Capital Intensity of New Illinois Basin Mine Developments**

*(Capital Intensity = (Capex + Capital Cost of Leased Equipment) / Nameplate Coal Production)*

A full breakdown of the capex figures for the No.2 Mine will be provided as part of the BFS. The final capital cost adopted in the BFS may change slightly if the costs of labour, materials, and supplies change between now and completion of the BFS.

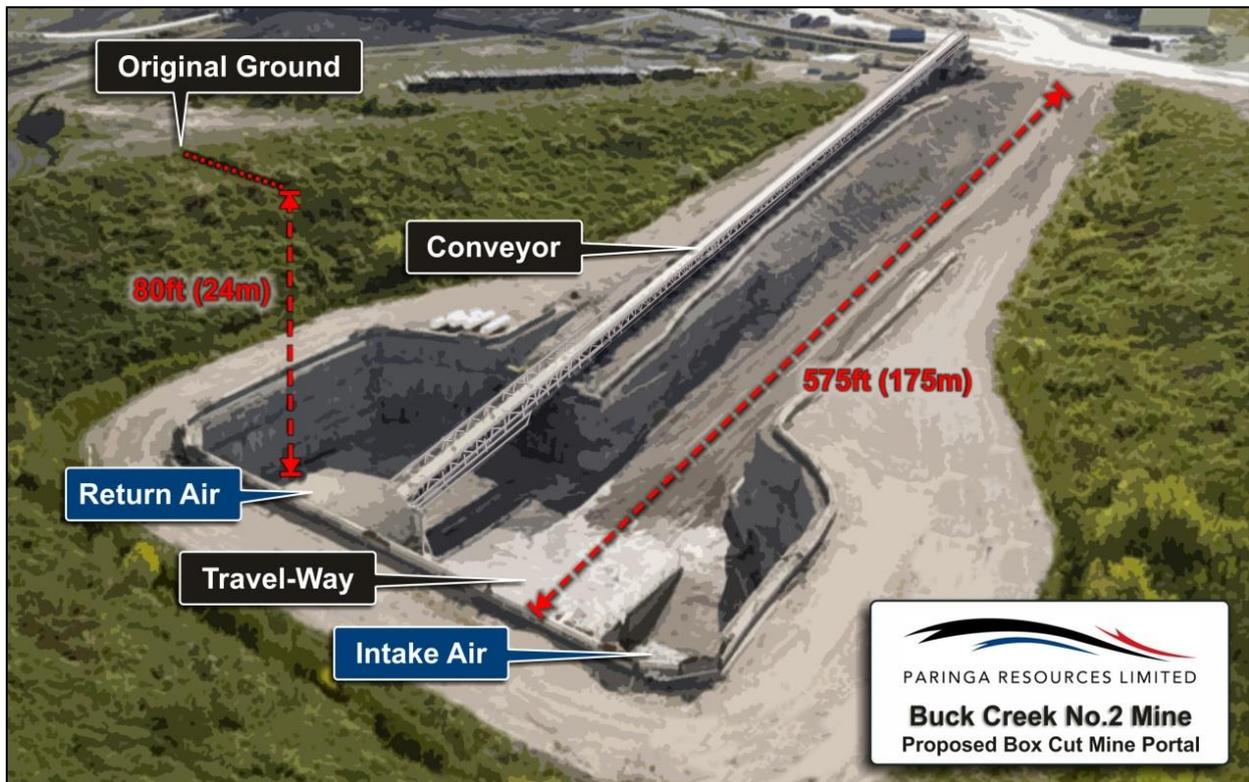


Figure 2: Top View of Proposed Box Cut and Four Drift Portals at the Buck Creek No.2 Mine

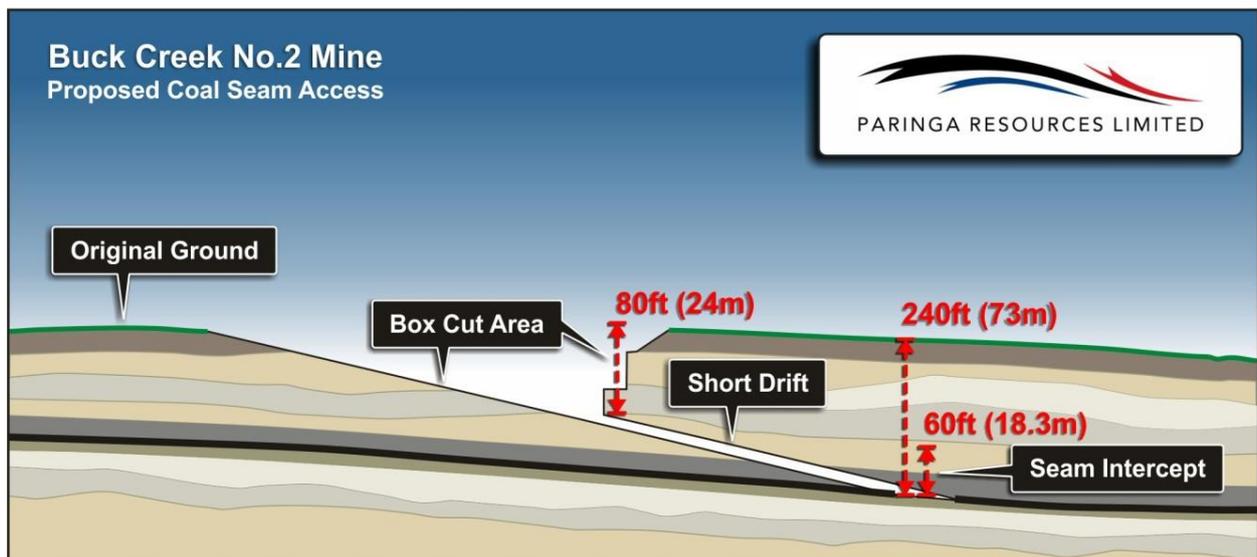
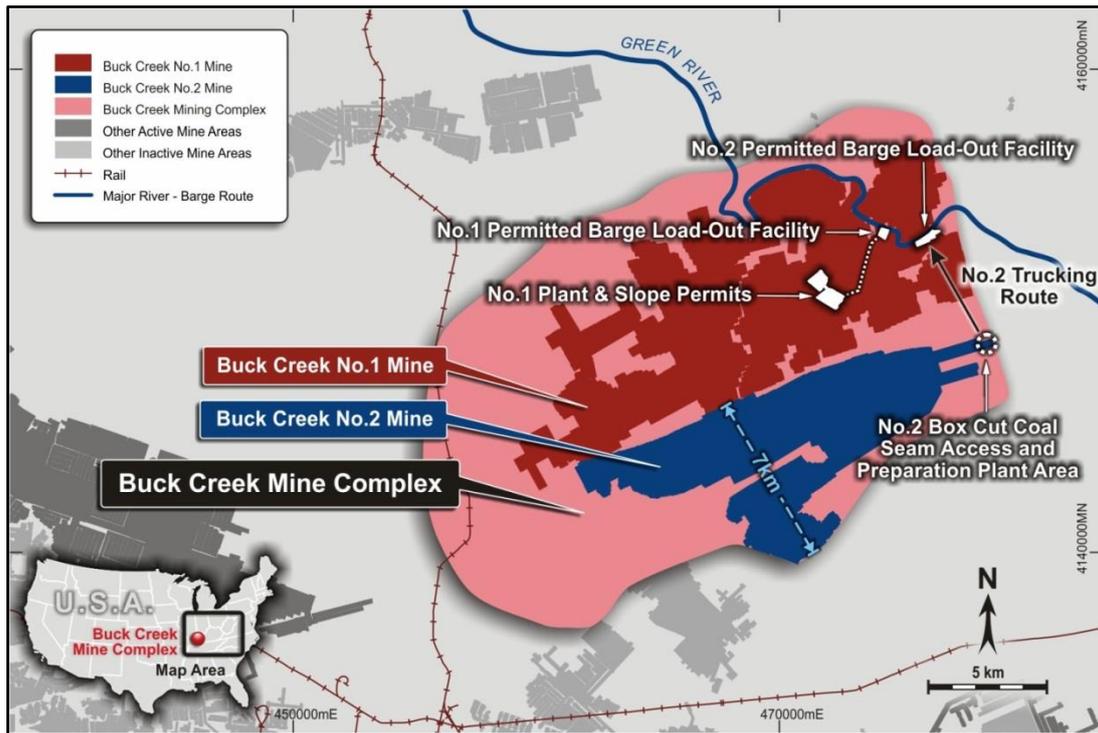
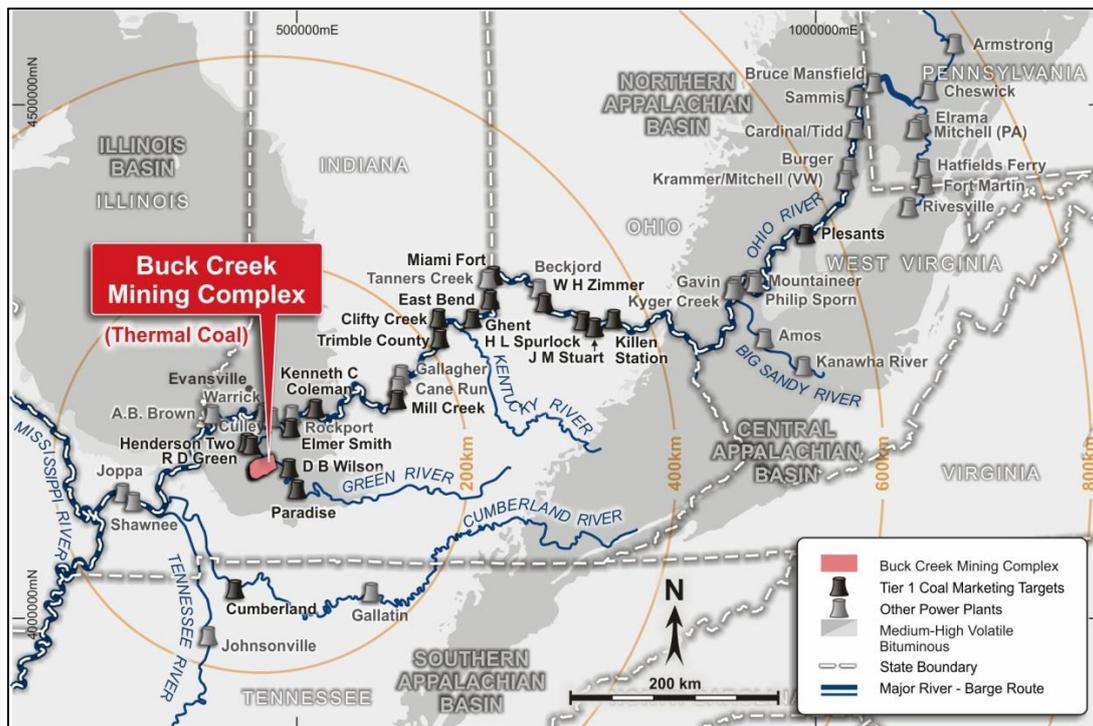


Figure 3: Proposed Coal Seam Access at Buck Creek No.2 Mine



**Figure 4: Buck Creek No.2 and No.1 Mines and Access to the Green/Ohio Rivers**



**Figure 5: Buck Creek Mine Complex and the "scrubbed" Ohio River Market**

## **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 report 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 December 2, 2015 entitled 'BFS Confirms Buck Creek will be a Low Capex, High Margin Coal Mine' and February 15, 2016 entitled 'Buck Creek Transforms to a Staged Low Capex Development' which are available to view on the Company's website at [www.paringaresources.com.au](http://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 presentation have not been materially modified from the original ASX announcements.