

ASX Announcement

**COMMENCEMENT OF PRE-FEASIBILITY STUDY
FOR THE BUCK CREEK PROJECT****HIGHLIGHTS:**

- ***Pre-Feasibility Study now commenced on the permitted Buck Creek Project***
- ***Pre-Feasibility Study to build on the strong project fundamentals, low development cost and existing infrastructure advantages highlighted in the recently released Scoping Study***
- ***Significant scalability of existing mine plan provides potential to increase the current steady state mine production rate of 3.4 million tons of saleable coal per annum***
- ***Paringa will continue to rapidly complete the remaining technical studies with the aim of commencing mine construction in 2015***

Paringa Resources Limited (“**Paringa**” or “**Company**”) is pleased to advise that a Pre-Feasibility Study (“**PFS**”) has commenced on the northeastern quadrant of the Company’s Buck Creek Project (the “**Buck Creek Project**”) located in the high growth Illinois Coal Basin in Kentucky, USA.

The Buck Creek Project is one of the last remaining large-scale undeveloped blocks of high quality coal with direct barge access to the Ohio River Market that is not controlled by a major US coal producer. The high margin, low capex Buck Creek Project is located within the heartland of the Western Kentucky coal fields which provides excellent transport, power and other support infrastructure for coal operations. In addition, the Buck Creek Project is adjacent to the Green River, which provides year round linkage to the Ohio and Mississippi rivers systems which feed domestic coal-fired power plants and coastal export coal terminals along the Gulf of Mexico.

Paringa is aiming to emulate the success of adjacent coal mines such as those operated by Alliance Resource Partners LP, which are some of the highest margin coal mines in the US. Construction of the permitted Buck Creek mine is set to begin by the end of 2015, with the ramp-up of production to begin by mid-2017.

Paringa’s Chief Executive Officer, Mr David Gay, said “*We are looking forward to rapidly progressing the PFS for the Buck Creek Project with the aim of starting mine construction in 2015. In addition, we will continue to build on the existing resource base and initiate discussions with regional coal power plants who we believe will value a significant new independent production source in the highly sought after Illinois Coal Basin.*”

For further information contact:

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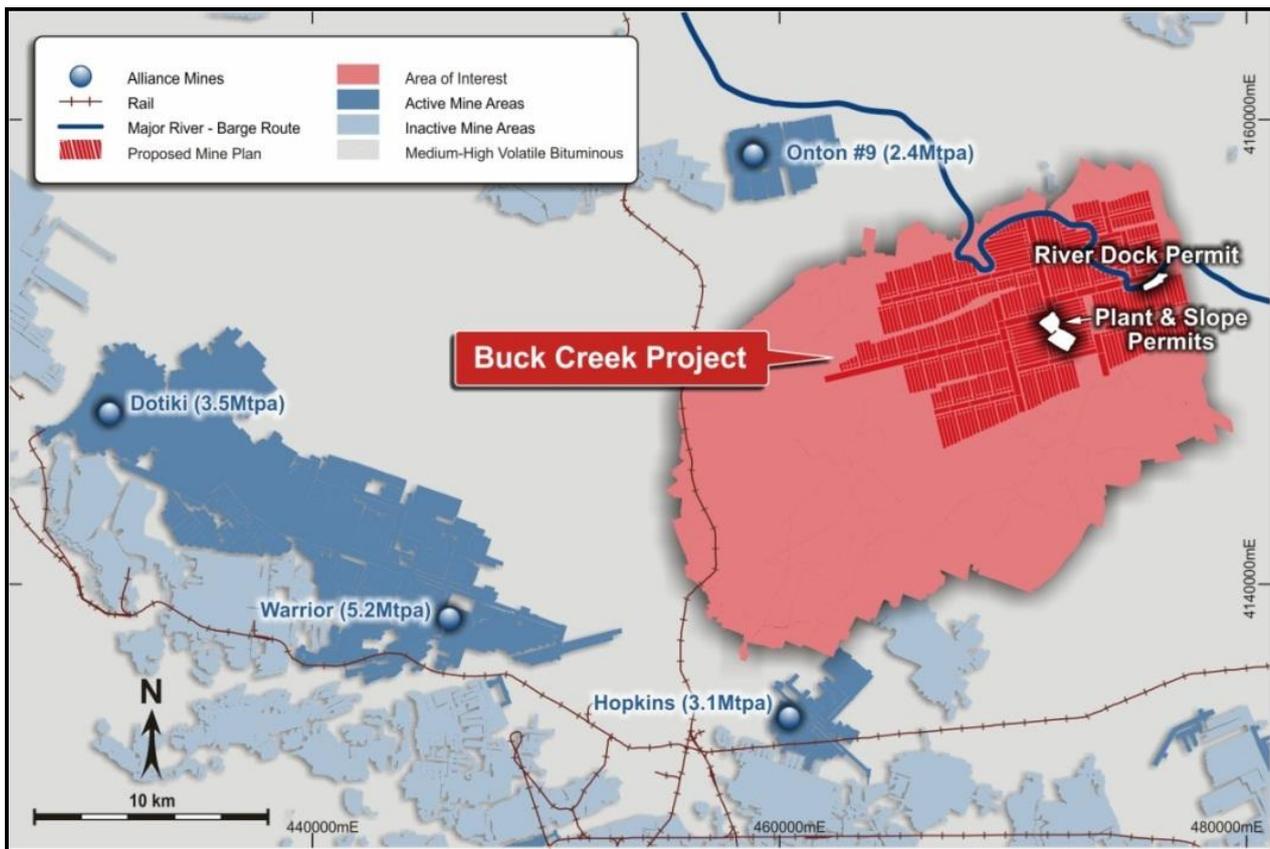


Figure 1: Buck Creek Project Mine Plan Overview with Mine Panels

Following the successful completion of the Scoping Study for the Buck Creek Project in March 2014, Paringa has re-appointed Cardno MM&A (“**Cardno MM&A**”) to manage the PFS.

Cardno MM&A has over 38 years of expertise in mining engineering, mine reserve evaluation, feasibility studies and due diligence services for mining and resource projects globally, and is a subsidiary of Cardno Limited, an ASX-200 professional infrastructure and mining services company.

Cardno MM&A has been directly involved in numerous projects specifically related to coal mining operations, and provides mining engineering services to underground mining operations incorporating the latest technologies throughout the world. Its engineers have extensive coal mining industry backgrounds including responsibility in engineering, operations management, and executive management.

Cardno MM&A will utilise local industry consultants with expertise in coal mine development in the Illinois Basin region to facilitate development of the various components of the PFS, including (but not limited to) the design of slope and shafts, design of mine, design of processing facilities, and the preparation of coal marketing studies.

In conjunction with the PFS, the Company will look to initiate discussions with regional coal power plants for the future sale of Buck Creek coal and potential financiers for the development of the Buck Creek Project.

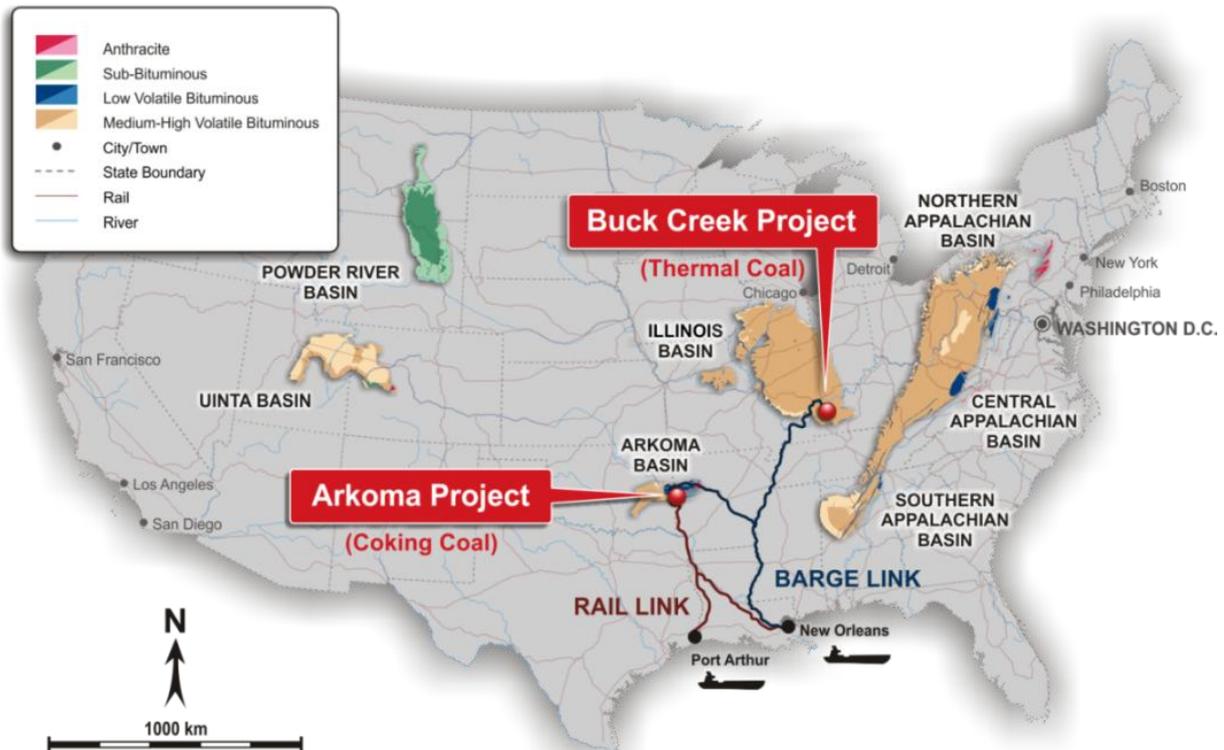
ABOUT THE BUCK CREEK PROJECT

The Buck Creek Project is located in the Western Kentucky region of the Illinois Coal Basin which is one of the most prolific coal producing regions in the USA. Paranga controls over 26,000 gross acres (~10,500 ha) of coal leases within an area of interest of approximately 72,000 acres (~28,000 ha).

The Buck Creek Project has a JORC Coal Resource Estimate of 154 million tons (~140 million tonnes) of high quality thermal coal with over 88% in the Measured & Indicated categories. The Buck Creek Project is one of the few remaining contiguous high quality thermal coal projects within the WK No.9 Seam that is not controlled by one of the major USA coal companies and offers one of the highest quality, highest heating value products in the Illinois Coal Basin.

The Buck Creek Project is located adjacent to the Green River which provides year round linkage to the Ohio and Mississippi rivers systems which feed domestic coal-fired power plants and coastal export coal terminals in the Gulf of Mexico.

Buck Creek Project – Coal Resource Estimate (WK No.9 Seam)				
Measured (Mt)	Indicated (Mt)	Total Measured and Indicated (Mt)	Inferred (Mt)	Total (Mt)
32.1	104.8	136.9	17.5	154.4



Forward Looking Statements

This announcement 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.

The Company advises that the information relating to the Scoping Study referred to in this announcement is based on lower-level technical and preliminary economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

Competent Persons Statement (North American Projects)

The information in this announcement that relates to the Exploration Results, Coal Resources, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Paringa's ASX announcements dated 24 March 2014 entitled 'Scoping Study Confirms Strong Fundamentals of the Buck Creek Project' and 4 November 2013 entitled 'Maiden Coal Resource of 154 Million Tons Defined in Illinois Coal Basin' 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 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 MM&A. 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 Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on information compiled or reviewed by Messrs. Justin S. Douthat, Gerard J. Enigk and George Oberlick, all of whom are Competent Persons and are Registered Members of the Society for Mining, Metallurgy & Exploration (SME). Messrs. Douthat, Enigk and Oberlick are employed by Cardno MM&A. Messrs. Douthat, Enigk and Oberlick have sufficient experience that is relevant to the type of mining, coal preparation and cost estimation 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, 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.