ASX Announcement

COMMENCEMENT OF COAL MARKETING STRATEGY WITH APPOINTMENT OF SENIOR ILLINOIS BASIN EXECUTIVE

HIGHLIGHTS:

- ***Appointment of Mr James E. Plaisted as Vice President Coal Sales and Marketing***
- ***Mr Plaisted was the former General Manager of Alliance Coal, LLC, a subsidiary of Alliance Resource Partners, LP ("Alliance"), and was responsible for the marketing of coal from all seven of Alliance's Illinois Basin mining operations***
- ***Mr Plaisted was employed by Alliance for over 17 years and was instrumental in building Alliance into a 39Mtpa coal producer, which included the development of four "greenfield" coal projects***
- ***Paringa will now begin discussions with power utilities accepting Illinois Basin coal in preparation of potentially entering into formal coal sales contracts***
- ***Strong market fundamentals for Illinois Basin coal underpinned by substantial growth in US scrubbed coal-fired power plant capacity which is forecast to increase by 28% from 202GW in 2012 to 258GW by 2025***
- ***Illinois Basin production forecast to increase by over 57% to 202 million tons by 2020 (207 million tons by 2025), displacing domestic coal production from higher cost coal basins***
- ***Initial target market for Buck Creek coal will be the lucrative Ohio River market via low-cost barge transportation, which consists of large, scrubbed and highly efficient domestic power plants***
- ***Paringa will continue to rapidly complete remaining technical studies for the high margin, low capex and permitted Buck Creek Project with the aim of commencing mine construction in 2015***

Paringa Resources Limited ("**Paringa**" or "**Company**") is pleased to advise that it has appointed Mr James E. Plaisted as Vice President Coal Sales and Marketing and will be based at the Company's Evansville office (Indiana, US). Mr Plaisted will be responsible for the marketing and sale of coal produced from the Buck Creek Project. Mr Plaisted will immediately begin discussions with the expanding domestic scrubbed coal-fired power market in preparation of Paringa potentially entering into formal coal sales contracts in the lead-up to discussions with potential financiers and start of mine construction in the second half of 2015.

Mr Plaisted's previous position was General Manager of Alliance Coal, LLC a subsidiary of Alliance Resource Partners, LP, and was responsible for the marketing and sale of all coal produced from all seven of Alliance's Illinois Basin operations. Mr Plaisted was employed by Alliance for over 17 years and is a highly regarded US coal executive with unparalleled industry networks and knowledge of the Illinois Basin coal market. In 2013, Alliance was the largest producer of Illinois Basin coal producing over 30 million tons (39 million tons in total), resulting in an EBITDA of US$657 million for its Illinois basin coal operations (US$750 million in total).

Paringa's Chief Executive Officer, Mr David Gay, said *"We are delighted with this appointment as Mr Plaisted brings enormous experience and industry contacts for the future marketing of Buck Creek's coal. We are looking forward to ramping up discussions with coal-fired power utilities in light of next year's financing neogitations and construction of the Buck Creek Project."*

For further information contact:

David Gay
Chief Executive Officer

Nathan Ainsworth
Business Development

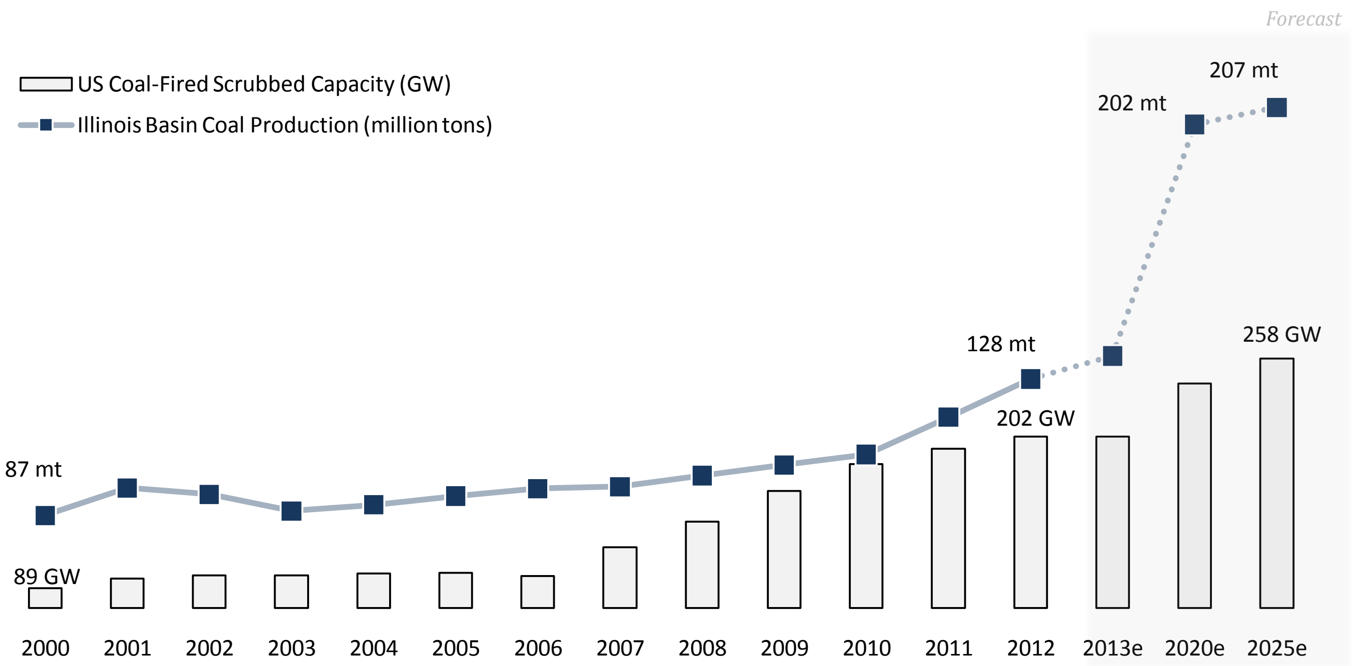


Figure 1: Actual and Forecasted Illinois Basin Coal Production and US Scrubbed Coal Power Capacity

(Source: EIA, Wood Mackenzie (Nov 13))

Increasing Demand for Illinois Basin Coal

The Illinois Basin is one of four major coal basins in the US, including the Northern Appalachia, Central Appalachia and the Powder River Basins. The Illinois Basin is now the fastest growing and second largest coal basin in the country. Wood Mackenzie projects total demand for Illinois Basin coal to grow from 128.0 million tons in 2012 to 202.4 million tons by 2020 (207.4 million tons in 2025), representing a compounded annual growth rate of almost 6.0%. The growth in Illinois Basin coal is primarily due to:

1) Growing demand from the scrubbed coal-fired power market in the US (predominately Eastern United States) which is expected to increase in capacity from 202 Gigawatts ("GW") in 2012 to 258 GW by 2025;

2) Illinois Basin coal is some of the lowest cost fuel supply for the scrubbed coal-fired power market when adjusted for heating content and transportation costs;

3) Relatively low operating cost structure of most Illinois Basin mines due to favourable geologic and mining conditions, leading to highly productive mining operations; and

4) Favourable permitting regime and access to low-cost barge waterways (eg Ohio River Market) and rail infrastructure networks, provides multiple underutilised transportation routes to domestic and export coal markets.

Growing US Scrubbed Coal-Fired Power Market

In 2005, the US Environmental Protection Agency's Clean Air Interstate Rule imposed strict SO_2 emissions regulations on Eastern-based US coal power plants. As a result of the increasing operating costs imposed by these new SO_2 regulations, many of these plants retrofitted Flue Gas Desulphurisation units ("scrubbers") which use limestone or lime to remove up to 97% of SO_2 from emissions. In addition, scrubber power plant technology removes other hazardous air pollutants such as mercury and are largely compliant with the Mercury Air Toxics Standards ("MATS") due to come into effect in 2015.

Over US$30 billion was invested by coal power plants to install scrubbers from 2007, which included over 100GW of newly installed scrubbed power capacity (2007 to 2012). According to Wood Mackenzie, 215 GWs or 70% of total coal-fired electric generating capacity in the United States, is estimated to have been scrubbed by 2013. Wood Mackenzie expects scrubbed capacity to increase to approximately 258 GWs, representing nearly 100% of total US coal fired capacity, by 2025.

Figure 2: Typical Modern Scrubbed Coal Fired Power Plants on the Ohio River

(Left: 2.4GW JM Stuart Plant, Right: 1.4GW Zimmer Plant)

Coal Basin Switching – Central Appalachia to Illinois Basin

The investment in scrubbed capacity has allowed power plants to place more emphasis on achieving the lowest delivered cost per heating value (kcal/kg) of its coal supply regardless of the sulphur content as scrubbers remove the majority of hazardous air pollutants such as SO_2 and mercury. As a result, the Illinois Basin coal is now the most attractive growth market for new sources of US thermal coal as it has:

- a higher heating value (kcal/kg) than the Powder River Basin;
- superior transportation logistics than the Powder River and Central Appalachian Basins; and
- a more favorable operating cost and permitting regime than the Central Appalachian Basin.

Coal production in Central Appalachia, which has traditionally been the second largest coal basin in the United States after the Powder River Basin (based on production), has been declining and is expected to continue to decline primarily due to the region's high cost production and transportation profile, reserve depletion and difficult permitting and regulatory environments. Central Appalachian thermal coal production declined 59% from 219 million tons in 2002 to 91 million tons in 2012, according to Wood Mackenzie.

As demand for the lowest delivered cost coal per heating value grows due to the expanding domestic scrubbed coal-fired power market, the Illinois Basin's low operating cost structure, high productivity and access to multiple transportation routes, has altered the dynamic in the United States coal market. Power plants are now increasingly "switching" out of the high cost Central Appalachian and Northern Appalachian basins and into the lower cost basins, such as the Illinois Basin. Wood Mackenzie projects thermal coal production in Central Appalachia to decline 81.3% from an estimated 91 million tons in 2012 to 17 million tons by 2025 and Illinois Basin production to increase by almost 62% over the same period.

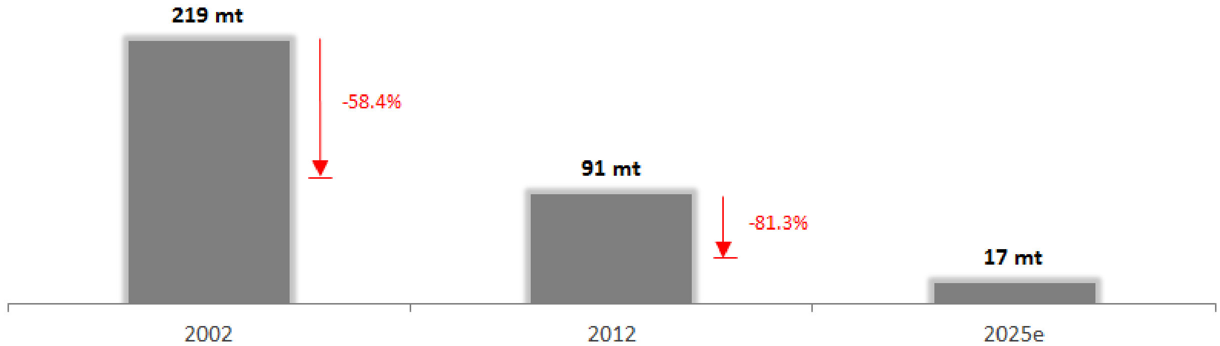


Figure 3: Decline in Central Appalachian Thermal Coal Production (2002 to 2025e)

(Source: Wood Mackenzie, Nov 13)

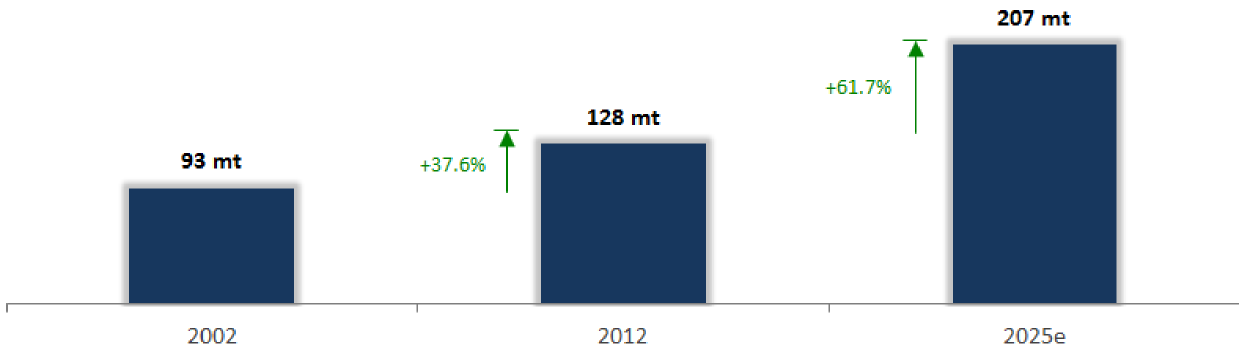


Figure 4: Growth in Illinois Basin Coal Production (2002 to 2025e)

(Source: Wood Mackenzie, Nov 13)

Impact of Proposed Regulations – Continuation of Basin Switching

A series of environmental regulations has been released over the last few years relating to particulate matter, ozone, mercury, SO_2, nitrogen, carbon dioxide and other air omissions proposed or enacted by state and federal authorities. These regulations include MATS which take effect from 2015 and the recently proposed Greenhouse Gas ("GHG") regulations. Given scrubber power plant technology removes most of the hazardous air pollutants such as mercury, the expanding scrubber power plant market is already largely compliant with MATS. In relation to the proposed GHG regulations, there is the potential for these regulations to be aggressively challenged, modified or blocked prior to implementation in 2017. Coal market analysts are yet to release full commentary on the impact of the proposed GHG regulations on the US coal industry. Initial views are that the proposed GHG regulations may result in a reduction in coal produced in the US (however to remain the dominant source of US energy) and in its current form, may potentially result in additional costs to be borne by the coal-fired power market. Accordingly, this should lead to a continuation of the ongoing basin switching by plants out of higher cost Appalachian coal basins to lower cost coal basins such as the Illinois Basin. Even with these additional regulatory costs, Illinois Basin coal remains very competitive compared to current and forecast natural gas prices.

Buck Creek Target Market – Lucrative Ohio River Market

The initial target market for Buck Creek's coal is the lucrative Ohio River market consisting of large, scrubbed domestic power plants currently receiving Illinois Basin coal by barge along the Green, Ohio and Cumberland rivers. Access to Illinois Basin river coal provides a significant cost advantage for coal fired power plants. The delivered cost of coal transportation via barge using the major waterways in the US (e.g. Ohio River) is significantly lower than the delivered cost of transporting coal via rail.

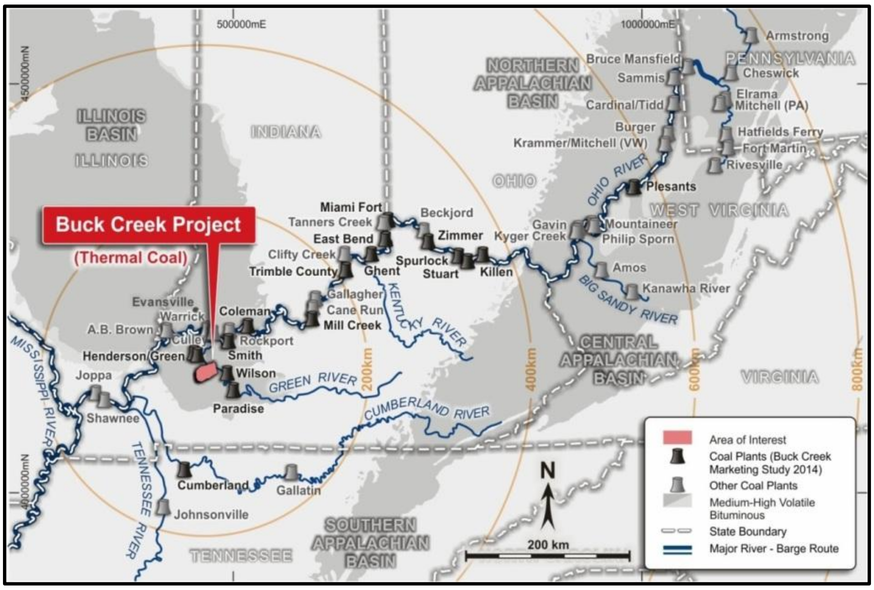


Figure 5: The Ohio River Market and Buck Creek Project

Within the Ohio River market surrounding the Buck Creek Project, there are over 18 power plants operated by 10 different utilities that have traditionally received product similar to Buck Creek's coal. These plants are relatively modern, highly efficient base load power plants and have some of the lowest fuel costs in the country, averaging ~US$2.40/mmbtu. When compared to long term forecasts of gas prices of US$4.50 to US$5.0/mmbtu, coal sourced from the Illinois Basin should continue to remain competitive compared to natural gas following additional costs imposed by the implementation of MATS and the proposed GHG regulations.

Lucrative Ohio River Market – Potential for Stable High Margin Cashflows

Geology of the Western Kentucky region of the Illinois Basin, and specifically within the Buck Creek Project area, lends itself to some of the most productive and lowest cost underground mining in the US. The Buck Creek Project is adjacent to some of the largest and highest margin thermal coal mines in the US owned by the second largest US coal firm, Alliance (~US$3.2 billion market capitalisation). These adjacent operations mine the same coal seam, utilise the same mining methods and produce a coal specification similar to Paringa's Buck Creek Project.

During the 2012 year when US natural gas prices fell below US$2.0 mm/btu (lowest level since 2002), Illinois Basin coal producers still generated some of the highest and most stable margins in coal globally. Alliance's Illinois Basin operations have consistently produced average margins in excess of US$20.0 per ton, resulting in an EBITDA of US$590 million in 2012 (~US$21 per ton margin) and US$657 million in 2013 (~US$21 per ton margin).

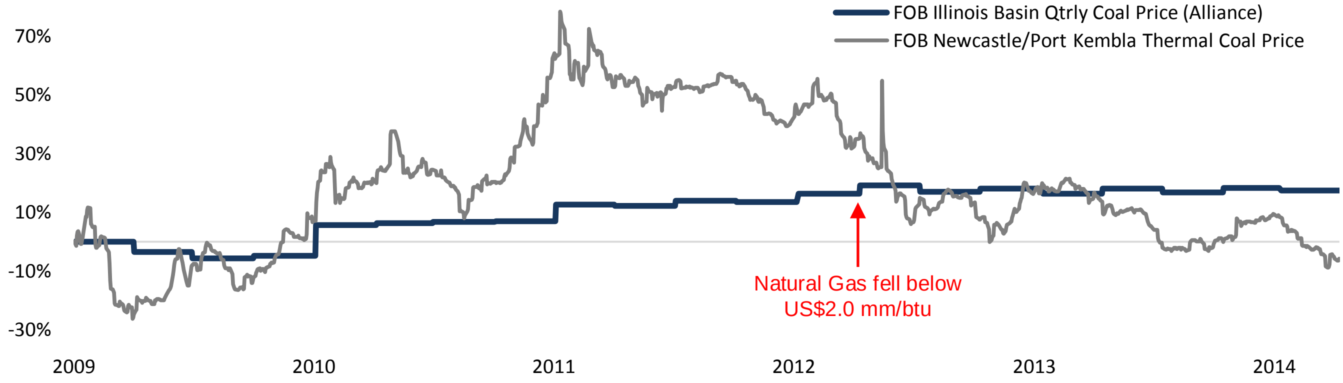


Figure 6: Rebased US$ Comparison of FOB Illinois Basin Quarterly Coal Price (Alliance) vs FOB Newcastle/Port Kembla Thermal Coal Price

(Source: Company Filings and Bloomberg)

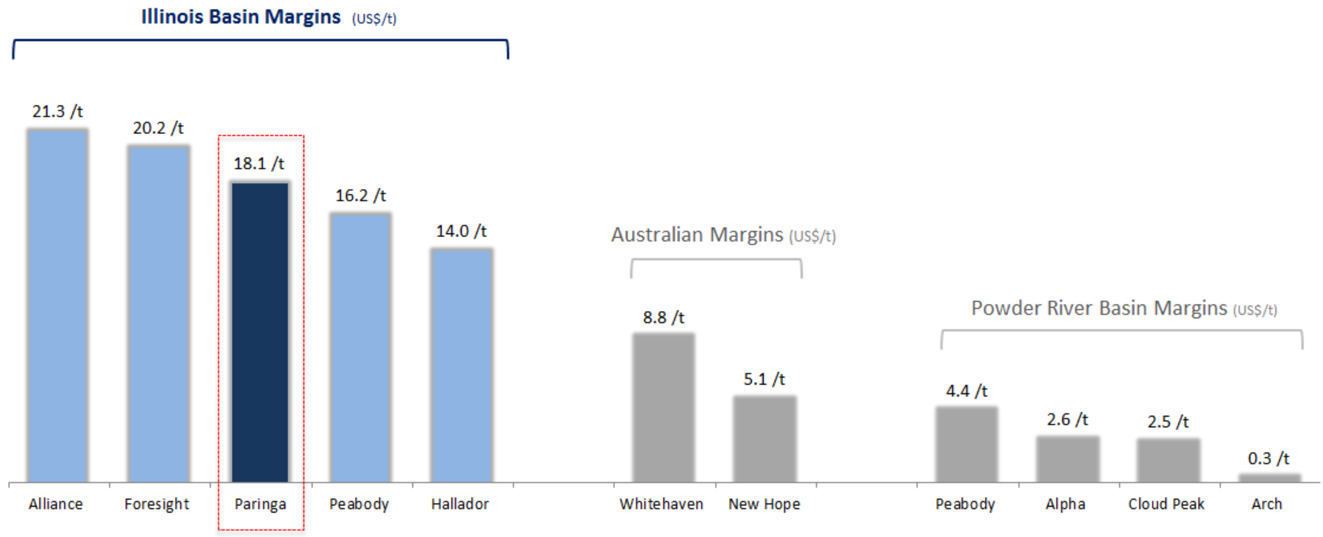


Figure 7: Comparison of 2013 EBITDA Margins (US$/ton) of Illinois Basin, Australian and Powder River Basin Operations

(Source: Company Filings, US companies year ended 31 Dec 2013; Australian companies 1H 2014)
(Note: (1) Paringa's margin based on conservative sales price of US$51/ton from the recently released Scoping Study, with current sales prices for Buck Creek's coal specification of around US$53/ton to US$55/ton; (2) New Hope is an estimate based on company data)

Buck Creek Project Development

The permitted 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 Illinois Basin 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.

Buck Creek's coal characteristics make it an attractive fuel source for the domestic and seaborne market. The higher heating value, lower sulphur and lower chlorine content of Buck Creek's coal, positions it as a premium product compared to the average delivered Illinois Basin coal specification. This is especially evident when compared to many of the new developments in the Illinois Basin which tend to have lower heating values and higher chlorine contents.

Following the appointment of Mr Plaisted, Paringa will immediately begin discussions with the expanding domestic scrubbed power market in preparation of Paringa potentially entering into formal coal sales contracts in the lead-up to discussions with potential financiers and start of mine construction in the second half of 2015.

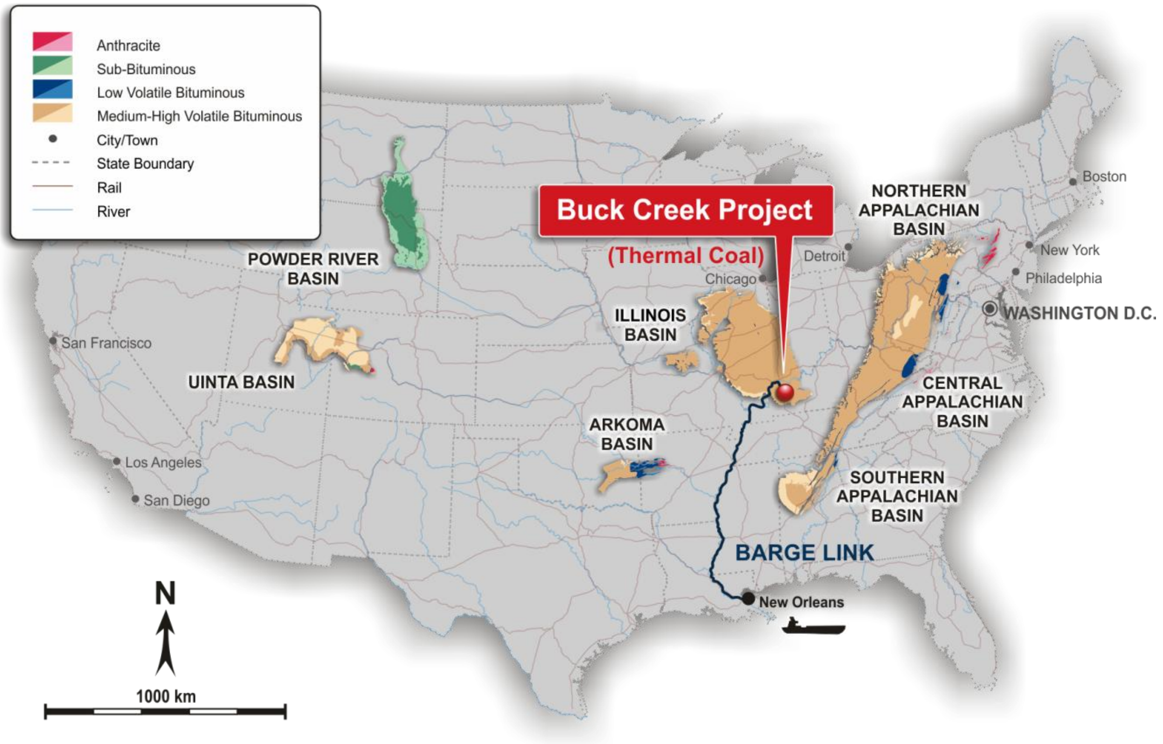
ABOUT THE BUCK CREEK PROJECT

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. Paringa 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.