



PARINGA RESOURCES LIMITED

ACN 156 933 910

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Thursday 27 November 2014 commencing at 1:00pm (WST).

This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on + 61 08 9322 6322.

Shareholders are urged to attend or vote by lodging the Proxy Form attached to the Notice.

PARINGA RESOURCES LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Paringa Resources Limited (**Company**) will be held at Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Thursday 27 November 2014 commencing at 1:00pm (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Tuesday 25 November 2014 at 5:00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2014, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or

- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 – Re-election of Director – Mr David Chapman

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Article 6.1(f) of the Constitution and for all other purposes, Mr David Chapman, Director, retires and being eligible pursuant to Article 6.1(i) of the Constitution, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 3 – Re-election of Director – Mr Todd Hannigan

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 14.4 and Article 6.1(e) of the Constitution and for all other purposes, Mr Todd Hannigan, Director, who was appointed as a casual vacancy on 21 May 2014, retires and being eligible pursuant to Article 6.1(i) of the Constitution, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

5. Resolution 4 – Ratification of May Placement

To consider and, if thought fit, to pass with or without amendment as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 3,000,000 Shares at an issue price of \$0.32 each and 1,500,000 free-attaching Placement Options (each exercisable at \$0.45 on or before 30 June 2018) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who participated in the May Placement and any associate of that person (or those persons).

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 5 – Ratification of July Placement

To consider and, if thought fit, to pass with or without amendment as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 12,500,000 Shares at an issue price of \$0.40 each, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who participated in the July Placement and any associate of that person (or those persons).

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 6 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Capacity and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares, and any associate of that person (or those persons).

The Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD



Gregory Swan
Company Secretary

Dated: 22 October 2014

PARINGA RESOURCES LIMITED

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Thursday 27 November 2014 commencing at 1:00pm (WST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Annual Report
Section 4:	Resolution 1 – Remuneration Report
Section 5:	Resolution 2 – Re-election of Director – Mr David Chapman
Section 6:	Resolution 3 – Re-election of Director – Mr Todd Hannigan
Section 7:	Resolution 4 – Ratification of May Placement
Section 8:	Resolution 5 – Ratification of July Placement
Section 9:	Resolution 6 – Approval of Additional 10% Placement Capacity
Schedule 1:	Definitions
Schedule 2:	Listing Rule 7.3A.6 Disclosure
Schedule 3:	Terms and Conditions of Placement Options

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions set out in the Proxy Form. Returning the Proxy Form to the Company will not preclude a Shareholder from attending or (subject to the voting exclusions set out in the Notice) voting at the Meeting in person.

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder; and
- (c) a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 1:00pm (WST) on Tuesday 25 November 2014, being at least 48 hours before the Meeting

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)

A vote on Resolution 1 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2014.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at www.paringaresources.com;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the Auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Auditor about:

- (a) the preparation and contents of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out:

- (a) the Company's remuneration policy; and
- (b) the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Pursuant to the Corporations Act, Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive AGMs.

If a resolution on the Remuneration Report receives a Strike at two consecutive AGMs, the Company will be required to put to Shareholders at the second AGM, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the Company's 2013 AGM. If the Remuneration Report receives a Strike at the Meeting, Shareholders should be aware that if a second Strike is received at the Company's 2015 AGM, this may result in the re-election of the Board.

The Chairperson will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary Resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5. Resolution 2 – Re-election of Director – Mr David Chapman

Article 6.1(f) of the Constitution requires that one third of the Directors must retire at each AGM (rounded down, if necessary, to the nearest whole number).

Article 6.1(i) provides that a Director who retires under Article 6.1(f) of the Constitution is eligible for re-election.

Resolution 2 therefore provides that Mr David Chapman retires by rotation and seeks re-election as a Director.

Details of Mr David Chapman's qualifications and experience are set out in the Annual Report.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding Mr David Chapman) unanimously supports the re-election of Mr David Chapman as a Director.

6. Resolution 3 – Re-election of Director – Mr Todd Hannigan

Article 6.1(d) of the Constitution gives the Directors authority to appoint a person to fill a casual vacancy at any time, provided that the number of Directors does not exceed 8 (the maximum number of Directors specified in Article 6.1(a) of the

Constitution). Mr Todd Hannigan was appointed a Non-Executive Director on 21 May 2014.

Article 6.1(e) of the Constitution states that a Director appointed under Article 6.1(d) must retire at the next AGM following his or her appointment.

Article 6.1(i) of the Constitution states that a Director retiring from office under Article 6.1(e) is eligible for re-election. Accordingly, Mr Todd Hannigan will retire as a Director at the Meeting and being eligible seeks to be re-elected as a Director.

Details of Mr Todd Hannigan's qualifications and experience are set out in the Annual Report.

Resolution 3 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

The Board (excluding Mr Todd Hannigan) unanimously supports the re-election of Mr Todd Hannigan as a Director.

7. Resolution 4 – Ratification of May Placement

7.1 General

On 16 May 2014, the Company announced an issue of 3,000,000 Shares at an issue price of \$0.32 each and 1,500,000 free-attaching Placement Options (**May Placement**) to raise \$960,000 before costs. The free-attaching Placement Options are each exercisable at \$0.45 on or before 30 June 2018 and otherwise on the terms and conditions in Schedule 3.

The number of Equity Securities that were issued pursuant to the Company's capacity under Listing Rules 7.1 was 4,500,000 and the number of Equity Securities that were issued pursuant to Listing Rules 7.1A was nil.

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid Ordinary Securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of Securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those Securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The effect of passing Resolution 4 will be to allow the Company to issue Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

Resolution 4 seeks ratification of the issue of 4,500,000 Equity Securities under the May Placement.

Resolution 4 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

7.2 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, information is provided in relation to the May Placement as follows:

- (a) On 16 May 2014, the Company issued 3,000,000 Shares and 1,500,000 free-attaching Placement Options to sophisticated investors in Australia who are not related parties or associates of related parties of the Company.
- (b) The Shares were issued for \$0.32 per Share and the Placement Options were free-attaching.
- (c) The Shares issued were all fully paid ordinary shares in the capital of the Company and were issued on the same terms and conditions as the Company's existing Shares.
- (d) The Placement Options were issued on the terms and conditions in Schedule 3.
- (e) The funds raised pursuant to the May Placement are for the continued exploration and development of the Company's Buck Creek Project and the Company's general working capital and business development purposes.
- (f) A voting exclusion statement is included in the Notice for Resolution 4.

7.3 Directors recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

8. Resolution 5 – Ratification of July Placement

8.1 General

On 29 July 2014, the Company announced an issue of 12,500,000 Shares at an issue price of \$0.40 each (**July Placement**) to raise \$5,000,000 before costs.

The number of Shares that were issued pursuant to the Company's capacity under Listing Rules 7.1 was 12,500,000 and the number of Shares that were issued pursuant to Listing Rules 7.1A was nil.

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid Ordinary Securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of Securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those Securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The effect of passing Resolution 5 will be to allow the Company to issue Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

Resolution 5 seeks ratification of the issue of 12,500,000 Shares under the July Placement.

Resolution 5 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

8.2 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, information is provided in relation to the July Placement as follows:

- (a) On 29 July 2014, the Company issued 12,500,000 Shares to sophisticated investors in Australia and North America who are not related parties or associates of related parties of the Company.
- (b) The Shares were issued for \$0.40 per Share.
- (c) The Shares issued were all fully paid ordinary shares in the capital of the Company and were issued on the same terms and conditions as the Company's existing Shares.
- (d) The Company has applied the funds raised pursuant to the July Placement towards the costs and expenses associated with the exploration of the Company's Buck Creek Project and the Company's general working capital and business development purposes.
- (e) A voting exclusion statement is included in the Notice for Resolution 5.

8.3 Directors recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

9. Resolution 6 – Approval of Additional 10% Placement Capacity

9.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Capacity. The

number of Equity Securities to be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 9.2(c) below).

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

9.2 Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Capacity is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue Shares and Convertible Securities.

(c) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of the Notice, the Company has on issue 137,583,334 Shares and therefore has a capacity to issue:

- (i) 20,637,500 Equity Securities under Listing Rule 7.1; and
- (ii) subject to obtaining Shareholder approval being sought under Resolution 6, 13,758,333 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 9.2(c) above).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date described in Section 9.2(e)(i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Capacity under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (ii) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (iii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (such period, the **10% Placement Period**).

9.3 Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

9.4 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date described in Section 9.4(a)(i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (iii) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (iv) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,which may have an effect on the amount of funds raised by the issue of the Equity Securities.
- (c) The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Ordinary Securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.
- (d) The table also shows:
 - (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Ordinary Securities the Company has on issue. The number of Ordinary Securities on issue may increase as a result of issues of Ordinary Securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future

specific placements under Listing Rule 7.1 that are approved at a future general meeting; and

- (ii) two examples of where the issue price of Ordinary Securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.16 50% decrease in Issue Price	\$0.32 Issue Price	\$0.64 100% increase in Issue Price
Current Variable A 137,583,334 Shares	10% Voting Dilution	13,758,333 Shares	13,758,333 Shares	13,758,333 Shares
	Funds raised	\$2,201,333	\$4,402,667	\$8,805,333
50% increase in current Variable A 206,375,001 Shares	10% Voting Dilution	20,637,500 Shares	20,637,500 Shares	20,637,500 Shares
	Funds raised	\$3,302,000	\$6,604,000	\$13,208,000
100% increase in current Variable A 275,166,668 Shares	10% Voting Dilution	27,516,666 Shares	27,516,666 Shares	27,516,666 Shares
	Funds raised	\$4,402,667	\$8,805,333	\$17,610,666

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Capacity.
- (ii) No Options are converted into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are converted into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vii) The issue price is \$0.32, being the closing price of the Shares on ASX on 10 October 2014.
- (e) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (f) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration for the continued exploration and development of the Company's resource projects, general working capital, and/or the acquisition of new resource assets or investments; or

- (i) non-cash consideration for the acquisition of the new resource assets and investments (in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3).
- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The subscribers under the 10% Placement Capacity have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.
- (j) Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the subscribers under the 10% Placement Capacity will be the vendors of the new resources assets or investments.
- (k) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2013 AGM. In the 12 months preceding the date of the Meeting, the Company issued a total of 17,450,000 Equity Securities which represents 11.26% of the total number of Equity Securities on issue 12 months prior to the date of the Meeting. Further detail as required under Listing Rule 7.3A.6 in respect of these Equity Securities issues is set out in Schedule 2.
- (l) A voting exclusion statement is included in the Notice for Resolution 6.
- (m) At the date of the Notice, the Company has not approached any particular Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Schedule 1 - Definitions

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

10% Placement Capacity has the meaning given to that term in Section 9.1.

10% Placement Period has the meaning given to that term in Section 9.2(f).

AGM means an annual general meeting of the Shareholders.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2014.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Auditor means the Company's auditor from time to time, at the date of the Notice, being Deloitte.

Auditor's Report means the Auditor's report on the Financial Report.

Board means the board of Directors of the Company.

Chairperson means the person appointed to chair the Meeting convened by the Notice.

Closely Related Party means in relation to a member of a Key Management Personnel:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Paringa Resources Limited ACN 156 933 910.

Constitution means the constitution of the Company as at the commencement of the Meeting.

Convertible Security means a security of the Company which is convertible into Shares.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Security has the same meaning given to that term in the Listing Rules.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

July Placement has the meaning given to that term in Section 8.1.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Managing Director means the managing Director.

May Placement has the meaning given to that term in Section 7.1.

Meeting has the meaning given to that term in the introductory paragraph of the Notice.

Notice means the notice of the Meeting and includes the agenda, Explanatory Memorandum and the Proxy Form.

Option means an option which entitles the holder to subscribe for a Share.

Ordinary Securities has the same meaning given to that term in the Listing Rules.

Performance Right means an unlisted performance share right that converts into one Share in the capital of the Company upon the satisfaction of various performance conditions.

Placement Option means an unlisted Option issued on the terms and conditions in Schedule 3.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution proposed pursuant to the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Strike means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 – Listing Rule 7.3A.6 Disclosure

No.	Date of Issue	Number	Class	Persons to whom the securities were issued	Issue price	Discount to market price	Consideration	
							Intended use for remaining consideration:	Total consideration:
1.	31 January 2014	450,000	Performance Rights	Key management personnel of the Company	Nil – issued as part of remuneration arrangements	Not applicable	Total consideration: Amount of consideration spent:	Nil Not applicable
2.	16 May 2014	3,000,000	Shares	T2 Resources Pty Ltd (sophisticated investor in Australia)	A\$0.32	12.64% discount to 15 day VWAP	What consideration was spent on: Intended use for remaining consideration:	Not applicable Not applicable
							Total consideration: Amount of consideration spent:	A\$960,000 Nil
3.	16 May 2014	1,500,000	Placement Options	T2 Resources Pty Ltd (sophisticated investor in Australia)	Nil – free-attaching options	Not applicable	What consideration was spent on: Intended use for remaining consideration:	Not applicable Exploration and development of the Company's Buck Creek project and general working capital
							Total consideration: Amount of consideration spent:	Nil Not applicable
							What consideration was spent on: Intended use for remaining consideration:	Not applicable Not applicable
4.	29 July 2014	12,500,000	Shares	Sophisticated investors in North America and Australia	A\$0.40	7.14% discount to 15 day VWAP	Total consideration: Amount of consideration spent:	A\$5,000,000 Nil
							What consideration was spent on: Intended use for remaining consideration:	Not applicable Exploration and development of the Company's Buck Creek project and general working capital

Schedule 3 – Terms and Conditions of Placement Options

1. Entitlement

Each Placement Option (together the **Placement Options**) entitles the holder (**Holder**) to subscribe for one ordinary share (**Share**) in Paringa Resources Limited (**Company**) upon exercise.

2. Exercise Price and Expiry Date

Each Option shall have an exercise price of \$0.45 (**Exercise Price**) and expire on 30 June 2018 (**Expiry Date**).

3. Exercise Period

Each Placement Option is exercisable at any time after the date of grant of the Placement Option and before the Expiry Date (**Exercise Period**).

4. Notice of Exercise

The Placement Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Placement Option being exercised. Any Notice of Exercise of a Placement Option received by the Company will be deemed to be a notice of the exercise of that Placement Option as at the date of receipt.

5. Shares issued on exercise

Shares issued on exercise of the Placement Options rank equally with the then Shares of the Company.

6. Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Placement Options.

7. Timing of issue of Shares and quotation of Shares on exercise

Within 15 Business Days after the later of the following:

- a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Placement Option being exercised; and
- b) the earlier to occur of:
 - (i) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information the relevant date will be the date of receipt of a Notice of Exercise as set out in clause 7a) above; or
 - (ii) the Holder elects that the Shares to be issued pursuant to the exercise of the Placement Options will be subject to a holding lock for a period of 12 months (as set out in clause 8 below),

the Company will:

- c) allot and issue the Shares pursuant to the exercise of the Placement Options;

- d) in the circumstances where clause 7(b)(i) applies, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares issued upon exercise of the Placement Options for resale under section 708A(11) of the Corporations Act;
- e) in the circumstances where clause 7(b)(ii) applies, apply a holding lock in accordance with clause 8 in respect of the Shares issued upon exercise of the Placement Options; and
- f) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Placement Options.

8. Holding lock

- a) The Holder may make an election as set out in clause 7(b)(ii) at any time following delivery of a Notice of Exercise and payment of the Exercise Price for each Placement Option being exercised.
- b) If the Holder makes an election pursuant to clause 7(b)(ii), then:
 - (i) the Company will apply a holding lock on the Shares to be issued;
 - (ii) the Company shall release the holding lock on the Shares on the earlier to occur of:
 - A. the date that is 12 months from the date of issue of the Shares; or
 - B. the date the Company issues a disclosure document that qualifies the Shares for trading in accordance with section 708A(11); or
 - C. the date a transfer of the Shares occurs pursuant to clause 8(b)(iii); and
 - (iii) the Shares shall be transferable by the Holder and the holding lock will be lifted provided that the transfer of the Shares complies with section 707(3) of the Corporations Act and the transferee of the Shares agrees to the holding lock applying to the Shares following their transfer for the balance of the period in clause 8(b)(ii).

9. Participation in new issues

There are no participation rights or entitlements inherent in the Placement Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Placement Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the Holders of Placement Options the opportunity to exercise their Placement Options prior to the date for determining entitlements to participate in any such issue.

10. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Placement Option will be increased by the number of Shares which the Placement Optionholder would have received if the Holder of Placement

Options had exercised the Placement Option before the record date for the bonus issue; and

- (ii) no change will be made to the Exercise Price.

11. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Placement Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Placement Option.

E = the number of underlying Shares into which one Placement Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

12. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Holders of Placement Options may be varied to comply the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

13. Quotation of Placement Options

No application for quotation of the Placement Options will be made by the Company.

14. Placement Options Transferable

The Placement Options are only transferable after they have vested and provided that the transfer of Placement Options complies with section 707(3) of the Corporations Act.

15. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Placement Options with the appropriate remittance should be lodged at the Company's Registry.

PARINGA RESOURCES LIMITED

ACN 156 933 910

PROXY FORM

The Company Secretary
Paringa Resources Limited

By delivery:

Level 9, 28 The Esplanade
PERTH WA 6000

By post:

PO Box Z5083
PERTH WA 6831

By facsimile:

+61 8 9322 6558

Name of Shareholder:

Address of Shareholder:

Number of Shares entitled
to vote:

Please mark to indicate your directions. Further instructions are provided overleaf. Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/we being Shareholder/s of the Company hereby appoint:

The Chairperson
(mark box)

OR if you are **NOT** appointing the Chairperson as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairperson, as my/our proxy to act generally on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit, except for Resolution 1) at the Annual General Meeting of Paringa Resources Limited to be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Thursday 27 November 2013 commencing at 1:00pm (WST) and at any adjournment or postponement of such meeting. If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is []% of the Shareholder's votes / [] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

Important – If the Chairperson is your proxy or is appointed your proxy by default

The Chairperson intends to vote all available proxies in favour of Resolution 1. If the Chairperson is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolution 1, you will be expressly authorising the Chairperson to vote in accordance with the Chairperson's voting intentions on Resolution 1 even if Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Step 2 – Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain*
Resolution 1	Remuneration Report			
Resolution 2	Re-election of Director – Mr David Chapman			
Resolution 3	Re-election of Director – Mr Todd Hannigan			
Resolution 4	Ratification of May Placement			
Resolution 5	Ratification of July Placement			
Resolution 6	Approval of Additional 10% Placement Capacity			

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

The Chairperson intends to vote all available proxies in favour of each Resolution.

Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

- Joint Holding: where the holding is in more than one name all of the holders must sign.
- Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
- Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company (Level 9, 28 The Esplanade, Perth, WA, 6000, or by post to PO Box Z5083, Perth, WA, 6831 or Facsimile (08) 9322 6558 if faxed from within Australia or +618 9322 6558 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).