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PLACEMENT TO RAISE A\$6.5 MILLION

Paringa Resources Limited (“**Paringa**” or “**Company**”) is pleased to announce that it has successfully completed a bookbuild for a placement of 38,200,000 shares at an issue price of A\$0.17 per share to Institutional and sophisticated investors in Australia and the United States to raise gross proceeds of A\$6,494,000 (“**Placement**”).

The proceeds from the Placement will be used to complete the Bankable Feasibility Study (“**BFS**”) for the Buck Creek No.2 Mine (“**No.2 Mine**”) and provide funding for the Company to commence development of the No.2 Mine by mid-2017.

Commenting on the Placement, Paringa’s President and CEO, Mr David Gay, said: *“The strong Institutional support received underlines the quality of the Buck Creek Mine Complex, which we believe is one of the best undeveloped coal projects in the United States, being surrounded by mines which continue to achieve high EBITDA margins.”*

“The emergence of the low capex Buck Creek No.2 Mine has transformed the economics of the Buck Creek Mine Complex. Paringa’s multi-stage development of the Buck Creek No.2 Mine, followed by the No.1 Mine, will ultimately allow the Company to become a strategic 5.6 Mtpa supplier of high quality coal into the Eastern US power market.”

“We further believe Paringa offers excellent exposure to the improving fundamentals in the U.S. coal market, as US thermal coal stockpiles continue to deplete due to rising natural gas prices, favourable weather patterns and severe production cuts from higher cost mines.”

Curran & Co and Argonaut acted as Lead Managers to the Placement. The issue price of A\$0.17 represents a 5.9% discount to the 30-day VWAP.

The Company expects to complete the Placement next week and will issue the Placement shares under Listing Rules 7.1 and 7.1A.

For further information contact:

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Information required under ASX Listing Rule 3.10.5A:

- (a) Dilution to existing shareholders as a result of the issue under Listing Rule 7.1A is 8.0%, dilution to existing shareholders as a result of the issue under Listing Rule 7.1 is 11.8% and the total dilution to existing shareholders is 19.8%. Details regarding the participation of existing and new shareholders is not able to be determined yet and will be provided at completion;
- (b) The Company will issue 15,489,900 shares under Listing Rule 7.1A because the Placement was considered to be a more efficient mechanism for raising funds. The Placement did not expose the Company to additional costs, a protracted process and market volatility that may have been experienced with a pro-rata issue or other type of issue in which existing ordinary shareholders would have been eligible to participate;
- (c) No underwriting arrangements are in place for the Placement under rule 7.1A; and
- (d) A fee of up to 5% may be paid to brokers in connection with the Placement under rule 7.1A.

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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.