Paringa Resources Limited
ABN 155 933 010

Financial Report
for the year ended 30 June 2013

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CORPORATE DIRECTORY

Directors
David Griffiths – Non-Executive Director, Chairman
David Chapman – Executive Director, Managing Director
Luis Mauricio Azevedo – Non-Executive Director

Company Secretary
Nicholas Day

Corporate Details
Paringa Resources Limited (ABN 155 933 010)

Registered and Principal Office
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Auditors
Grant Thornton Audit Pty Ltd
Level 1
10 Kings Park Road
West Perth WA 6005 Australia

Share Registry
Security Transfers Registrars Pty Ltd
770 Canning Highway
Applecross WA 6953

Paringa Resources Limited shares are listed on the Australian Securities Exchange (ASX).

DIRECTOR'S REPORT

The Directors of Paringa Resources Limited present their report on the Consolidated Entity consisting of Paringa Resources Limited ("the Company" or "Paringa") and its subsidiary ("Consolidated Entity or Group") for the year ended 30 June 2013.

1. DIRECTORS

The names of the Company's Directors at any time during the year and until the date of this report are as set out below:

Name	Position	Appointment date	Resignation date
Mr David Griffiths	Non-Executive Chairman	7 September 2012	-
Mr David Chapman	Managing Director	7 September 2012	-
Mr Luis Mauricio Azevedo	Non-Executive Director	7 September 2012	-
Mr Jonathon King	Technical Director	7 September 2012	8 March 2013
Mr Leslie Davis	Executive Director	27 February 2012	12 September 2012

The names, qualifications and experience of the Directors and Company Secretary in office during the period and until the date of this report are as follows:

Mr. David Griffiths Non-Executive Chairman

Qualifications: BBus

Mr. Griffiths is a co-founder and Non-Executive Director of Silver Lake Resources Limited. A graduate from Curtin university, Mr Griffiths has held a number of senior management roles during his more than thirty years in the resources industry, including strategic communications experience developing from an initial focus on human resources and employee relations to broader, group-wide strategic roles. Mr Griffiths has worked with Rio Tinto, Worsley Alumina, Metana Minerals and WMC Resources where he held the roles of Group Manager Employee Relations and General Manager Corporate Affairs and Community Relations for ten years before leaving to establish communications strategy and public relations company Gryphon Management Australia Pty Ltd in 2004.

Other Current Directorships

Silver Lake Resources Limited and Philips River Resources Limited

Former Directorships of Australian Listed Public Companies in the last three years

None

Interests in shares and options over shares at the date of this report

1,613,000 shares and 250,000 options

Mr. David Chapman Managing Director

Qualifications: BSc (Hons Geology) MAUSIMM

Mr Chapman brings over thirty years resource industry experience as a geologist in senior and Executive management roles with WMC Resources Ltd and the junior sector within Australia and overseas. His experience covers operations, exploration project management and construction, business development and project financing. Mr. Chapman has spent about half of his professional career on exploration and project development in Brazil and is a fluent Portuguese speaker. He was a Director of WMC Resources Brazil office from 1991 to 2000 where he was responsible for exploration programs for gold and base metals throughout Brazil and French Guiana. More recently he was involved in the financing and construction of a significant base metal operation in Brazil. Through these activities he has developed a strong industry network within Brazil and South America.

Other Current Directorships

None

Former Directorships of Australian Listed Public Companies in the last three years

Erin Resources Limited (formerly Health Corporation Limited)

Interests in shares and options over shares at the date of this report

3,096,667 shares and 1,000,000 options

Mr. Luis Azevedo Non-Executive Director

Qualifications: BSc Geology, LL.B, LL.M

Mr Azevedo is both a lawyer and geologist in Brazil, has over 30 years of experience in the mining industry, dealing primarily with gold, industrial minerals, copper and nickel. Mr Azevedo is a Partner of FFA Legal Support for Mining Co., and a Director and Chief Operating Officer of Talon Metals Corp. Previously, he worked as an attorney and geologist with WMC Resources Ltd and Barrick Gold Corp., based in Rio de Janeiro, Brazil. He holds a B.Sc. Geology (Universidade do Estado do Rio de Janeiro), an LL.B (Faculdade Integradas Candido Mendes), and an LL.M (Pontifice Universidade Catolica do Rio de Janeiro).

Other Current Directorships

Avenue Resources Limited (ASX), Brazilian Gold Corp and Talon Metals Corp (both TSX listed).

Former Directorships of Australian Listed Public Companies in the last three years

None

Interests in shares and options over shares at the date of this report

1,500,000 shares and 500,000 options

COMPANY SECRETARY

Mr Nicholas Day

Mr Day has more than 15 years' experience in corporate finance and the resources industry. In addition to his financial and company secretarial skills he has experience in strategic planning, business development, mergers and acquisitions, bankable feasibility studies, and general management. Mr Day is currently the CFO and Executive Director for Coventry Resources Limited. Previously he was CFO and Company Secretary of AIM & ASX listed mining company Albidon Ltd. Prior to this Mr Day was with Ernst & Young.

1.1 Directors' meetings

During the financial year, in addition to regular Board discussions, the number of meetings of Directors held during the year and the numbers of meetings attended by each Director were as follows:

Name	Number Eligible to Attend	Number Attended
D. Chapman	6	6
D. Griffiths	6	6
L. Azevedo	6	6
J. King	1	1

2. PRINCIPLE ACTIVITIES AND OPERATIONS

Paringa Resources Limited ("Paringa") was incorporated on 27 February 2012 and is domiciled in Australia. The Company listed on the Australian Securities Exchange on 20 December 2012. The information presented in this report is for the year ended 30 June 2013.

Minaçu Gold Project

The Minaçu Gold Project is located on the border of Goiás and Tocantins states in central Brazil, approximately 280km north of Brasília. The project comprises three exploration licenses covering 59.43km2. The project is located within the Brasília Fold Belt, which developed between the Amazon and São Francisco cratons. Within the project area, the belt comprises Proterozoic metasedimentary rocks which regionally host significant gold mineralisation, including the 20.6Moz Morro de Ouro/Paracatu, Aurumina and Cavalcante mines, and several gold occurrences such as Rio do Carmo, Fartura and Santo Antônio.

Minaçu includes several historical gold workings from which approximately 120,000oz were mined by artisanal miners in the 1980's and 1990's. These are walk-up drill targets. The area was originally discovered and mined at surface and underground by Portuguese prospectors ("Bandeirantes") in the 1800's.

Channel and panel sampling of these workings by previous explorers returned values such as 10m @ 19.64g/t Au; 4m @ 29.2g/t Au; 3m @ 31.35g/t Au; 1.6m @ 11.3g/t Au; and 2m @ 8.64g/t. Further details are provided in the Company's prospectus.

Drilling commenced in late January focussing mainly on the extensive historical gold workings along the two-kilometre extent of the Buracão-Trincheirão-Piscina trend, extending then to Planta, Delegado, and Irmãos Coragem within the Minaçu project area.

Drill results confirmed the presence of high grade mineralization at the Trincheirão prospect. Drilling intersected strong hydrothermal alteration, brecciation and quartz veining at Trincheirão within the upper quartzite sequence which hosts most of the historical artisanal workings. This alteration is interpreted to be the extension at depth and to the south of the zones exploited at surface more recently by artisanal miners and historically by the Portuguese explorers ("Bandeirantes"). Higher grade results from channel and face sampling of these workings are 1m @ 8.35g/t, 0.8m @ 10.28g/t, 1m @ 20.31g/t and 0.7m @ 30.0g/t.

Drillhole MID 005 which was designed to test the Trincheirão workings to the south of the recent mining by artisanal miners, intersected **1.1m @ 28.41g/t from 13.8m to 14.9m depth and 1.0m @ 6.29g/t from 2.9m to 3.9m depth** (Table 1).

The intersections in MID 005 are consistent with the higher grade results from surface sampling. In addition, the presence of two high-grade intersections indicates that the narrow vein style of mineralisation is associated with multiple veins within the Trincheirão trend.

Continuity of the structure and consistency of the alteration associated with the Trincheirão mineralisation has also been established by MID 001 which intersected very strong alteration and mineralisation returning **0.9m @ 1.18g/t from 73.4m to 74.4m depth**. This was reinforced by drillhole MID 004, and drillhole MID 011 which intersected a strong zone of silicification and disseminated sulphide approximately 150m to the south of known surface workings and recent activity by artisanal miners. The presence of this alteration in MID 011 is very significant in that it coincides with recent observations in surface mapping which suggest that the "Bandeirantes" had mined the Trincheirão structure for about 250m along what currently forms the bed of Gamba creek, south of the current and very prominent surface workings. This extends the strikelength of the known Trincheirão structure and alteration to over 500m. Trincheirão also forms part of a more significant structural trend which extends for over two kilometres between Buracão to the south and Piscina to the north.

The gold in quartz veining at Trincheirão appears to be coarse and unevenly distributed. This is clearly demonstrated in MID 005 in the interval 13.29m to 13.8m which assayed 0.39g/t over 0.51m; but which was associated with coarse free gold in the drillcore. Grades very typically in this style of mineralisation are likely to vary significantly.

With the recognition of the presence of an uneven “nuggety” gold distribution, a number of samples were reanalysed utilising screen fire assay techniques to ensure a larger and therefore more representative sample volume was utilised for analysis. All analyses were carried out by SGS Geosol Laboratórios Ltda, located in Belo Horizonte, Brazil.

The drill program at Trincheirão has been successful in intersecting significant grades and both defining and extending continuity of the mineralised structures and alteration.
With the completion of this initial drilling program of 1511.7m, the Company has completed the first phase of its exploration program at Minaçu.

Table 1: Significant Intersections greater than 1.0g/t

HOLE NUMBER	FROM (m downhole)	TO (m downhole)	INTERVAL (m)(*)	GRADE (g/t Au)(**)	PROSPECT
MID-001-13	73.50	74.40	0.9	1.18	Trincheirão
MID-002-13	39.65	40.65	1.0	1.30	Gamba
MID-005-13	2.90	3.90	1.0	6.29	Trincheirão
MID-005-13	13.80	14.90	1.1	28.41	Trincheirão

(*) - Interval does not represent true widths
(**) - Grades are uncut

Table 2: Paringa Diamond Drill Hole Locations

HOLE NUMBER	EASTING	NORTHING	ELEVATION	DEPTH (m)	AZIMUTH	DIP	PROSPECT
MID-001-13	177813	8529451	634.00	149.15	280°	55°	Trincheirão
MID-002-13	177695	8529307	593.00	100.50	150°	55°	Gamba
MID-003-13	177767	8529033	561.81	189.90	280°	55°	Homero
MID-004-13	177818	8529512	603.76	119.55	280°	55°	Trincheirão
MID-005-13	177781	8529368	600.00	141.35	280°	55°	Trincheirão
MID-006-13	178057	8530402	761.64	123.00	280°	55°	Piscina
MID-007-13	177999	8530282	759.00	125.40	280°	55°	Piscina
MID-008-13	177313	8529088	553.55	154.40	310°	55°	Delegado
MID-009-13	177212	8529027	522.46	131.90	140°	55°	Planta
MID-010-13	177282	8529170	556.00	88.10	320°	55°	Irmaõs Coragem
MID-011-13	177761	8529290	599.00	100.25	330°	55°	Gamba
MID-012-13	177393	8528383	514.98	21.85	35°	55°	Buracão
MID-012A-13	177378	8528417	514.98	66.35	115°	60°	Buracão
			TOTAL	**1,511.70**			

Note: Coordinates are UTM, datum SAD69 Zone 23 South

São Luis Gold Project and Graphite Projects

In conjunction, with the planned program at Minaçu, Paringa plans to generate a pipeline of priority targets at the São Luis Gold Project with the Proterozoic greenstone sequences in the (1000Moz+ Au) Guyana Shield. Paringa also plans to be exploring both the 100%-owned Santo Antônio de Pádua Graphite Project and the Sáo Fidélis Graphite Project for short term resources opportunities with the objective of creating a high-margin graphite project with low capital development requirements.

The timing of the commencement of these work programs is subject to granting of the tenements by the Brazil Mines Department (DNPM).

Subsequent event

On 2nd September 2013, the Company entered into a conditional agreement to acquire Hartshorne Coal Mining Ltd ("Hartshorne") which has export quality thermal and coking coal projects ("Projects") located in the USA, and an experienced management team.

Highlights of the projects are as follows:

Buck Creek Project: Advanced high quality, substantially permitted, domestic and export thermal coal project covering an area of over 31,000 acres (~12,500 ha) in the high growth Illinois Coal Basin ("ILB") in Kentucky, USA. Buck Creek is one of the last remaining high quality thermal coal projects within the ILB that is not controlled by a major coal producer.

- Geology of the ILB region, and specifically within the project area, lends itself to some of the most productive and lowest cost mining in the USA and is located close to some of the largest highest margin thermal coal mines in the USA owned by the second largest US coal firm, Alliance Resource Partners LP (~US$2.9 billion market capitalization).
- Potential for low cost capital development given proximity to infrastructure and a highly competitive construction and services sector, and low-cost skilled labour within the region.
- Excellent river, road and rail infrastructure provides access to domestic power plants and underutilized coastal coal export terminals in the Gulf of Mexico.
- ILB region has experienced unhindered growth in both domestic and export markets in the last 5 years, which is expected to continue given its competitive market position.
- Substantial existing drilling database will form the basis for a Mineral Resource Estimate in accordance with the JORC Code.

Arkoma Coking Project: First mover advantage in an underdeveloped low volatile bituminous coking coal basin with lease holdings covering an area of over 14,000 acres (~6,000 ha) in the Arkoma Basin in Arkansas, USA.

- Low volatile hard coking coal, ranking highly in the international coking coal market based upon preliminary coal quality testing.
- Infrastructure advantage, with access to existing waterways and rail infrastructure leading to underutilized coal terminals in the Gulf of Mexico.

Experienced US Coal Sector Management: Highly respected US coal team, led by Hartshorne's founding CEO, Mr David Gay, a senior US coal executive who was most recently head of mergers and acquisitions for Alpha Natural Resources, a major US coal producer.

3. REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements which were in place during the year, and remain in place as at the date of this report, for the Directors and Key Management Personnel ("KMP") of Paringa Resources Limited. The information provided in this remuneration report has been audited in accordance with the requirements of Section 308(3c) of the Corporation Act 2001.

For the purpose of this report, Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Parent entity, and includes five Executives in the Parent and the Group receiving the highest remuneration.

Details of Key Management Personnel

(a) Directors
Mr David Griffiths – Non-Executive Chairman
Mr David Chapman – Managing Director
Mr Luis Mauricio Azevedo – Non-Executive Director

(b) Other Key Management Personnel of the Group
Mr Paulo Ilídio de Brito – Exploration Manager
Mr Nicholas Day – Company Secretary
Ms Emma Curnow – Financial Controller

3.1 Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors and management. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and Executive team. The Company does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. The lack of a performance link at this time is not considered to have a negative impact on retaining and motivating Directors.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of Directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The Company has no policy on Executives and Directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package. The rewards for Key Management Personnel have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations.

3.2 Employment Contracts for Executive Directors

On appointment to Board, Executive Directors enter into an Executive service agreement with the Company. The agreement details the Board policies and terms, including compensation, relevant to the office of the Director.

The Company currently has only one Executive service contract in place with the Managing Director, David Chapman. Details of the service agreement are as follows:

- Commencement – 1 January 2013

- Base salary - $330,000
- 10% superannuation
- Termination payment is equivalent to six months' notice
- Mr Chapman's contract and remuneration is reviewed annually.

Remuneration and other terms of agreement with the Company Secretary are not formalised in an agreement.

Contract for Services for Non-Executive Director Remuneration

Mr. David Griffiths and Mr. Luis Azevedo are paid a Director's fee which is based on market rates for time commitment and responsibilities. Their fees are not linked to the performance of the Company; however, to align Directors interests with shareholders interest, Directors are encouraged to hold shares in the Company. Their services may be terminated by either party at any time.

Non-Executive fees are reviewed annually by the Board. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting (this is currently $600,000 per annum).

3.3 Directors and Executive Officers' Remuneration (Consolidated Entity)

Details of the nature and amount of each element of the remuneration of the Key Management Personnel of the Consolidated Entity are set out in the following tables:

	Short term employee benefits			**Post employment**	**Total**
Year ended 30 June 2013	**Cash salary and fees $**	**Consulting Fees (*) $**	**Health Benefit $**	**Superannuation $**	**$**
Director					
D Chapman	165,000	132,892	-	16,500	314,392
D Griffiths	57,087	-	-	5,138	62,225
L Azevedo	28,612	-	-	-	28,612
Executive					
N Day	-	66,000(*)	-	-	66,000
P Ilídio de Brito	-	183,405	2,459	-	185,864
E Curnow	55,806	-	-	5,022	60,828
	306,505	**382,297**	**2,459**	**26,660**	**717,921**

	Short term employee benefits			**Post employment**	**Total**
Period ended 30 June 2012	**Cash salary and fees $**	**Consulting Fees (*) $**	**Health Benefit $**	**Superannuation $**	**$**
Director					
D Chapman	-	143,173	-	-	143,173
Executive					
P Ilídio de Brito	-	10,225	-	-	10,225
	-	**153,398**	**-**	**-**	**153,398**

(*) Relates to amounts paid to related companies of the Executives, for further details please refer to note 23.

There were no other Key Management Personnel of the Company during the financial year ended 30 June 2013 and for the period ended 30 June 2012.

The Group currently has options built into the Director and Executive packages. 2,550,000 unlisted share options were issued to the Directors and Executive Officers as pre-seed options upon listing the Company for nil consideration. The fair value of the options using the Black and Scholes option pricing formula was immaterial with no share based payment expense being recorded. There were no share options issued in the prior year ended 30 June 2012.

The total remuneration shown in the table above is fixed.

The Consolidated Entity did not engage a remuneration consultant during the year.

END OF REMUNERATION REPORT

4. NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the principal activity was mineral exploration. The Group currently holds mining tenements for gold. There have been no changes in the principal activities from prior period.

5. RESULTS AND DIVIDENDS

The Group's net loss after taxation attributable to the members of Paringa Resources Limited for the year ending 30 June 2013 was $661,015 (2012: $25,389).

No dividend was paid or declared by the Company in the year since the end of the year and up to the date of this report. (2012: nil).

6. LOSS PER SHARE

The basic loss per share for the Consolidated Entity for the year was $0.02 (2012: Nil) cents per share.

7. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Other than the aforementioned events and disclosed in note 28, no matters or circumstances have arisen since the end of the financial year which have significantly affected or may affect the operations, results or state of affairs of the Group that occurred during the financial year under review and subsequent to the financial year end.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will continue to pursue activities within its corporate objective. Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because the Directors believe that it would be speculative and disclosure would likely result in unreasonable prejudice to the Company.

9. SIGNIFICANT CHANGE IN THE STATE OF THE AFFAIRS

In the opinion of the Directors, other than stated under Review of Operations, and Events Subsequent to Reporting Date, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review and subsequent to the financial year end.

10. ENVIRONMENTAL REGULATIONS

The Group carries out operations that are subject to environmental regulations within Brazil, the Brazilian Federal Constitution reserves a special chapter on environmental protection and all levels of government are empowered to defend and protect the environment. The Group has formal procedures in place to ensure regulations are adhered to and the Board believes there are adequate systems in place for the management of its environmental requirements and is not aware of any breaches in relation to environmental matters.

11. DIRECTORS' AND EXECUTIVES' INTERESTS

As at the date of this report, the interest of the Directors and Executives in the share and options of the Company were as follows:

Name	Ordinary Shares	Options
D. Chapman	3,096,667	1,000,000
D. Griffiths	1,613,000	250,000
L. Azevedo	1,500,000	500,000
P. Ilidio Brito	1,500,000	500,000
N. Day	336,434	100,000

12. SHARE OPTIONS

During the year, 2,550,000 unlisted share options were issued for nil consideration as pre-seed options given to Directors and Senior Management. However, on 8th March 2013, 300,000 were cancelled following the resignation of a Director.

Thus as at the date of this report, there are 2,400,000 unlisted options on issue as detailed below:

No. of options	Exercise price	Expiry Date
2,250,000	$0.30	31 August 2017
150,000	$0.30	31 December 2016

Option holders do not have any right to participate in any share issue of the Company.

13. INDEMINIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has entered into an indemnity agreement with each of its Directors and Company Secretary. Under the agreement, the Company indemnifies those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by the Corporation Act 2001. The indemnification specifically excludes wilful acts of negligence. There is no monetary limit to the extent of this indemnity.

During the financial year, the Company has taken out an insurance policy in respect of Directors' and Officers' liability and legal expenses for Directors and officers (including officers of the Company's controlled entities).

Details of the amount of the premium paid in respect of the insurance policy are not disclosed as such disclosure is prohibited under the terms of the contract.

14. CORPORATE STRUCTURE

Paringa Resources Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company is listed on the Australian Stock Exchange under the code PNL.

15. NON- AUDIT SERVICES

The following fees were paid to a related entity of Grant Thornton Audit Pty Ltd for non-audit services during the year ended 30 June 2013 (2012: $Nil):

	$
Independent Accountants Report for Prospectus	10,000

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

16. LEAD AUDITOR'S INDEPENDENCE DECLARTION

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of Paringa Resources Limited with an Independence Declaration in relation to the audit of the full-year financial report. A copy of that declaration is included at page 51 of this report.

D. Chapman

David Chapman

Managing Director
25 September 2013

Qualifying Statement

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 release, to reflect the circumstances or events after the date of that release.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr David Chapman. Mr Chapman is employed by Paringa Resources Limited and is a Member of The Australasian Institute of Mining and Metallurgy. Mr Chapman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Chapman consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. Mr Chapman accepts responsibility for the accuracy of the statements disclosed in this report.

CORPORATE GOVERNANCE STATEMENT

This Statement reflects Paringa Resources Limited's corporate governance policies and practices as at 30 June 2013 and which were in place throughout the year. The Company has established a set of corporate governance policies and procedures. These are based on the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" ("the Recommendations").

The Company reports below on how it follows, or otherwise departs from each of the Principles & Recommendations. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Recommendation	Comply – Yes/No
Principle 1 – Lay solid foundations for management and oversight	
1.1 Companies should establish the functions reserved to the board and those delegated to senior Executives and disclose those functions	Yes
1.2 Companies should disclose the process for evaluating the performance of senior Executives.	Yes
Principle 2 – Structure the board to add value	
2.1 A majority of the board should be independent Directors.	No
2.2 The chair should be an independent Director	No
2.3 The chair and chief Executive officer should be not exercised by the same individual.	Yes
2.4 The board should establish a nomination committee.	No
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.	Yes
Principle 3 – Promote ethical and responsible decision making	
3.1 Companies should establish a code of conduct and disclose the code or summary.	Yes
3.2 Companies should establish a policy concerning diversity	Yes
3.3 Companies should disclose the measurable objectives for achieving gender diversity set by the board policy and progress towards achieving them.	Yes
3.4 Companies should disclose the proportion of women employees in the whole organisation, women in senior positions and women on the board.	Yes
Principle 4 – Safeguard integrity in financial reporting	
4.1, 4.2 – The board should establish an audit committee with a majority of independent Non-Executive Directors.	No
4.3 – The audit committee should have a charter.	No
Principle 5 – Make timely and balance disclosures	
5.1 – Companies should establish written policies and procedures to ensure compliance with ASX Listing Rule disclosure requirements and disclose those policies or a summary of those policies.	Yes
Principle 6 – Respect the rights of shareholders	
6.1 Companies should design a communications policy for effective communication with shareholders.	Yes
Principle 7 – Recognise and manage risk	
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes

7.2 The board should require management to design and implement the risk management and internal control system to manage the material business risks and to report to it on whether those risks are being managed effectively.	Yes
7.3 The board should disclose whether it has received assurance from the CEO and the CFO (or equivalent) that the declaration is in accordance with section 295A of the Corporations Act.	Yes
Principle 8 – Remunerate fairly and responsibly	
8.1, 8.2 The board should establish a remuneration committee with a majority of independent non-Executive Directors.	No
8.3 The Company should clearly distinguish the structure of non-Executive Directors' remuneration from that of Executive Directors and senior Executives.	Yes

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Roles and responsibilities of the Board and Senior Executives - Recommendations: 1.1
The Company has established the functions reserved to the Board, and those delegated to senior Executives and has set out these functions in its Board Charter. The Company's Board Charter is available on the Company's website, within the Corporate Governance Policies document.

Performance evaluation Senior Executives - Recommendation: 1.2
The Managing Director is responsible for assessing the performance of the senior Executives on an annual basis. The Managing Director conducts a performance evaluation of the senior Executives by interview with each senior Executive. The basis of evaluation of senior Executives is based on agreed performance measures.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

A majority of the Board and the Chairperson should be independent- Recommendations: 2.1, 2.2
An independent Director is a Non-Executive Director (i.e. is not a member of management) and:

(a) holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
(b) within the last three years has not been employed in an Executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
(c) within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
(d) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
(e) has no material contractual relationship with the Company or another group member other than as a Director of the Company;
(f) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
(g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Board currently does not have any independent Directors based on the above definition and thus the Chairman is not an independent Director.

Chair and CEO should not be the same individual – Recommendation: 2.3
The Company's Chairman and Managing Director positions are not held by the same person.

The Board should establish a Nomination Committee – Recommendation: 2.4
The Board has not established a separate Nomination Committee due to the current size and composition of the Board. Accordingly, the Board will perform the role of the Nomination Committee.

When the Board convenes as the Nomination Committee it will carry out those functions which are delegated in the Company's Nomination Committee Charter. The Company's Nomination Committee Charter is available on the Company's website, within the Corporate Governance Policies document.

The process for evaluation of the performance of the Board, its committees and individuals Directors should be disclosed - Recommendation: 2.5
The Company has established a process for evaluating the performance of the Board, its committees and individual Directors.

Board
The Board is required to meet annually to review and evaluate the performance of the Board, assessing its performance over the previous 12 months, including comparison with other, and examining ways in which the Board can better perform its duties.

The annual review includes consideration of the following measures
- comparison of the performance of the Board against the requirements of the Board charter,
- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget,
- review the Board's interaction with management,
- identification of any particular goals and objectives of the Board for the next year,
- review the type and timing of information provided to the Directors and identification of any necessary or desirable improvements to Board or committee charters.

The method and scope of the performance evaluation will be set by the Board and which may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

Managing Director
The Managing Director's performance evaluation is reviewed by the Board. The Board conducts a performance evaluation of the Managing Director annually by way of informal round-table discussions based on specific criteria including the following:
- financial measures of the Company performance,
- the extent to which key operational goals and strategic objectives are achieved,
- achievement of key performance indicators,
- compliance with legal and Company policy requirements; and
- Development of management and personnel.

Non-Executive Directors
The Chairman will have primary responsibility for conducting performance appraisals of Non-Executive Directors. Where the Chairman considers that action must be taken in relation to a Director's performance, the Chairman must consult with the remainder of the Board regarding

whether a Director should be counselled to resign, not seek re-election, or in exceptional circumstances, whether a resolution for the removal of a Director be put to shareholders.

The level of remuneration for Non-Executive Directors is considered with regard to practices of other public companies and the aggregate amount of fees approved by shareholders.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Establish a Code of Conduct - Recommendations: 3.1

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, to take into account its legal obligations and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Company's Code of Conduct is available on the Company's website, within the Corporate Governance Policies document.

Policy on diversity - Recommendations: 3.2, 3.3, 3.4

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Board is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefitting from all available talent. The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. The Company’s Diversity Policy is available on the Company's website, within the Corporate Governance Policies document.

The proportion of women employees in the whole organisation, women in senior Executive positions and women on the Board is set out in the following table:

	Proportion of women
Whole organisation	25%
Senior Executive positions	20%
Board	0%

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board should establish an Audit Committee – Recommendation- 4.1, 4.2, 4.3

The Board has not established a separate Audit Committee due to the current size and composition of the Board. Accordingly, the Board will perform the role of the Audit Committee.

When the Board convenes as the Audit Committee it will carry out those functions which are delegated in the Company’s Audit Committee Charter, which is summarised below is available on the Company's website within the Corporate Governance Policies document.

The Company has also established procedures for the selection, appointment and rotation of its external auditor. The Company's Procedure for Selection, Appointment and Rotation of External Auditor is summarised below and is available on the Company's website within the Corporate Governance document.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISLOSURE

Establish policies to ensure compliance with ASX continuous disclosure requirements
The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior Executive level for that compliance.

The Company is committed to
(a) complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules;
(b) preventing the selective or inadvertent disclosure of material price sensitive information; ensuring shareholders and the market are provided with full and timely information about the Company's activities;
(c) ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

The Company's Continuous Disclosure Policy to guide is available on the Company's website within the Corporate Governance document.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS
Shareholder Communication - Recommendations: 6.1, 6.2
The Company has designed a shareholder communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings. This is summarised below and is available on the Company's website within the Corporate Governance Policy document.

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company with the Managing Director and the Company Secretary having the primary responsibility for communicating with shareholders. The Company provides shareholder materials directly to shareholders through electronic means; through the Company website and through ASX announcements. A Shareholder may request a hard copy of the Company's annual report to be posted to them and the Annual General Meeting notice is posted to all shareholders with advance notice.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk Management - Recommendations: 7.1, 7.2, 7.3, 7.4
The Board has adopted a Risk Management Policy and the policy is available on the Company's website.

The Board has implemented a system which formalises and documents the management of its material business risks. This system includes the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for those risks. In addition, the management of material business risks will be allocated to members of senior management. The risk register will be reviewed quarterly and updated as required.

The Managing Director and the Financial Controller have declared to the Board in accordance with section 295A of the Corporations Act that the reporting of risk management and internal controls have been assessed and found to be operating efficiently and effectively.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee - Recommendations: 8.1, 8.2, 8.3, 8.4

The Board has not established a separate Remuneration Committee due to the current size and composition of the Board. Accordingly, the Board will perform the role of the Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee will be marked as separate agenda items at Board meetings when required.

To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter, which is summarised below and is available on the Company's website within the Corporate Governance Policies document.

For details of remuneration of Directors and Executives please refer to Section 3 “Directors and Executive Officers’ Remuneration” within the Directors’ Report.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 30 June 2013 $	Period ended 30 June 2012 $
Professional fees		(224,811)	(9,319)
Employee benefits expense		(278,995)	-
Listing expenses		(159,222)	-
Business development		(75,069)	-
Other expenses	4	(99,573)	(16,070)
Loss from operating activities		**(837,670)**	**(25,389)**
Finance income		176,655	-
Loss for the year/period before income tax		**(661,015)**	**(25,389)**
Income tax expense	5	-	-
Loss for the year/period after income tax		**(661,015)**	**(25,389)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	16	11,969	-
Total comprehensive loss for the year/period		**(649,046)**	**(25,389)**
Loss per share from continuing operations attributable to the ordinary equity holders of the parent			
Basic loss per share (cents per share)	20	(0.02)	-
Diluted loss per share (cents per share)	20	(0.02)	-

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2013 $	30 June 2012 $
ASSETS			
Current assets			
Cash and cash equivalents	17	8,007,091	-
Trade and other receivables	7	116,684	-
Other current assets	9	10,000	-
Total current assets		**8,133,775**	**-**
Non-current assets			
Property, plant and equipment	8	39,065	
Other non-current assets	9	10,900	
Exploration and evaluation expenditure	11	1,610,765	209,175
Total non-current assets		**1,660,730**	**209,175**
TOTAL ASSETS		**9,794,505**	**209,175**
LIABILITIES			
Current liabilities			
Trade and other payables	12	57,217	-
Borrowings	13	-	260,916
Provisions	14	10,939	-
Total current liabilities		**68,156**	**260,916**
TOTAL LIABILITIES		**68,156**	**260,916**
NET ASSETS		**9,726,349**	**(51,741)**
EQUITY			
Contributed equity	15	10,400,784	(26,352)
Foreign currency translation reserve	16	11,969	-
Accumulated losses	16	(686,404)	(25,389)
TOTAL EQUITY		**9,726,349**	**(51,741)**

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Total $
At 1 July 2012	(26,352)	(25,389)	-	(51,741)
Loss for the year	-	(661,015)		(661,015)
Other comprehensive (loss)/profit	-	-	11,969	11,969
Total comprehensive (loss)/profit for the year	**(26,352)**	**(686,404)**	**11,969**	**(700,787)**
Transactions with owners in their capacity as owners				
Shares issued	11,257,700	-	-	11,257,700
Costs of issue	(830,564)	-	-	(830,564)
Balance at 30 June 2013	**10,400,784**	**(686,404)**	**11,969**	**9,726,349**
At 27 February 2012	-	-	-	-
Loss for the period	-	(25,389)		(25,389)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the year	**-**	**(25,389)**	**-**	**(25,389)**
Transactions with owners in their capacity as owners				
Costs of issue	(26,352)	-	-	(26,352)
Balance at 30 June 2012	**(26,352)**	**(25,389)**	**-**	**(51,741)**

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 30 June 2013 $	Period ended 30 June 2012 $
Cash Flows From Operating Activities			
Payments to suppliers and employees		(578,428)	-
Interest Received		70,063	-
Net Cash Flows (Used in) Operating Activities	17b	**(508,365)**	**-**
Cash Flows From Investing Activities			
Acquisition of plant and equipment		(42,003)	-
Proceeds from refund of security bond		(20,900)	-
Expenditure on exploration and evaluation		(1,159,519)	-
Net Cash Flows (Used in) Investing Activities		**(1,222,422)**	-
Cash Flows From Financing Activities			
Proceeds from share issue		10,310,557	-
Share issue costs		(572,679)	-
Net Cash Flows From Financing Activities		**9,737,878**	**-**
Net Increase in Cash Held		8,007,091	-
Cash at the Beginning of the Year		-	-
Reported Cash Balance at the end of the Year		**8,007,091**	**-**

The above statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Paringa Resources Limited (the "Company") is a company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange. The Company's registered office is Suite 3, 224 Rokeby Road, Subiaco, Western Australia, 6008.

The consolidated financial statements of the Company for the year ended 30 June 2013 comprising the Company and its subsidiary (together referred to as the "Group" and individually as "Group entities") were authorised with a resolution of the Directors on 25 September 2013.

(a) Going concern

The financial statements for the year have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year the Company incurred an operating loss of $661,015 (2012: $25,389). Net cash outflow from operations was $508,365 (2012: Nil).

The Company raised $10 million through the issue of 33,333,333 shares at $0.30 per share and was admitted to the ASX on 20 December 2012. Prior to the fundraising, the Company was supported by an unsecured, interest free convertible loan of $1.2m from Silver Lake Resources Limited which was converted into 20 million fully paid shares at $0.06 per share on the date of the date of the Company's admission to the ASX.

The proceeds from the fundraising are sufficient for the Company to continue with its proposed work program and related expenditure for the more than the next 12 months.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures that the financial statement and notes comply with International Financial Reporting Standards.

The financial report has also been prepared on an accruals basis and is based on historical cost. The financial report is prepared in Australian dollars.

(b) Compliance Statement

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New and amended standards adopted by the Group

AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income' includes an amendment to "AASB 101 Presentation of Financial Statements" which is effective for the first time during the year ended 30 June 2013. The amendment requires the following:

- entities to group items presented in Other Comprehensive Income ("OCI") on the basis of whether they are potentially reclassifiable to profit and loss subsequently; and
- changes to the title of "Statement of Comprehensive Income" to "Statement of Profit and Loss and Other Comprehensive Income", however an entity may present the profit and loss and comprehensive income in two statements and the first statement must be the "statement of profit or loss".

(d) New accounting standards and interpretations issued but not yet effective

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for a future reporting period, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements.

The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: *Financial Instruments (December 2010)* which is effective for annual reporting periods beginning on or after 1 January 2015 introduces new requirements for the classification and measurement of financial assets and liabilities. The entity does not have any financial liabilities. Therefore, the Directors do not anticipate that the adoption of this standard will have any impact on the financial statements.

- *AASB 10: Consolidated Financial Statements* which is effective for annual reporting periods beginning on or after effective 1 January 2013 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees, it replaces the consolidation requirements in AASB 127. When adopted, this Standard is not expected to significantly impact the Group's financial statements.

- *AASB 11: Joint Arrangements* which is effective for annual reporting periods beginning on or after effective 1 January 2013 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). It replaces AASB 131: *Interests in Joint ventures*. When adopted, this Standard is not expected to have any impact on the Group's financial statements.

- *AASB 12: Disclosure of Interests in Other Entities* which is effective for annual reporting periods beginning on or after effective 1 January 2013 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity: concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. When adopted, this Standard will affect disclosures only and therefore is not expected to significantly impact the Group's financial statements.

- As a consequence of issuing AASB 10, AASB 11 and AASB 12, revised versions of AASB 127 and AASB 128 have also been issued which is effective for annual reporting periods beginning on or after effective 1 January 2013. When these revised statements are adopted there will be no impact on the financial statements because they introduce no new requirements.

- AASB 13: *Fair Value Measurement* which is effective for annual reporting periods beginning on or after effective 1 January 2013 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 provides guidance on how to determine fair value when fair value is required or permitted by other Standards. These Standards are expected to result in more detailed fair value disclosures, but are not expected to significant impact the amounts recognised in these financial statements.

- AASB 2011-4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* which is effective for annual reporting periods beginning on or after 1 July 2013. This Standard makes amendments to AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosure required by Australian specific paragraphs; however the disclosures are proposed to be inserted into the Corporations Regulations 2001 to ensure disclosure requirements continue. When adopted, these amendments are unlikely to have any significant impact on the financial statements.

- AASB 119: *Employee Benefits* which is effective for annual reporting periods beginning on or after effective 1 January 2013 introduces a number of changes to presentation and disclosure of a defined benefit plan. AASB 119 also includes changes to the criteria for determining when termination benefits should be recognised as an obligation. The entity does not have any defined benefit plans. Therefore, these amendments will have no significant impact on the entity.

- *AASB Interpretation 20: Stripping Costs in the Production Phase of Surface Mining* clarifies which is effective for annual reporting periods beginning on or after effective 1 January 2013 that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production stage of a mine must be capitalized as inventories under AASB 102: Inventories if the benefits from stripping activity is realised in the form of inventory produced. The entity does not operate a surface mine therefore, there will be no impact on the financial statements when this interpretation is first adopted.

- AASB 2012-2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* which is effective for annual reporting periods beginning on or after effective 1 July 2013 amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's statement of financial position. When adopted, there will be no impact on the entity as the entity does not have any netting arrangements in place.

- AASB 2012-5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011* which is effective for annual reporting periods beginning on or after effective 1 January 2013. These amendments are a consequence of the annual improvement process, which provides a vehicle for making non-urgent but necessary amendments to Standards. When these amendments are first adopted, this Standard is not expected to significantly impact the Group's financial statements.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Paringa Resources Limited (formerly Paringa Resources Pty Ltd) and its subsidiary as at 30 June 2013 ('the Group').

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

(f) Income tax

Income tax on the Statement of Profit and Loss and Other Comprehensive income for the periods presented comprises current and deferred tax. Income tax is recognised in the Statement of Profit and Loss and Comprehensive income except to the extent that it relates to items recognised directly in equity, in which cased it is recognised in equity.

The current income tax charges and amounts brought to account or which may be realised in the future is calculated on the basis of the tax rates and laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.
Deferred income tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised, or to the extent that the Group has deferred tax liabilities with the same taxation authority. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

(g) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as described above.

(h) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the Statement of Profit and Loss during the financial period in which it is incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office furniture and electronic equipment	10 % to 25 %
Plant and machinery	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Derecognition

Additions to property, plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the Profit and Loss.

Impairment

Carrying values of property, plant and equipment are reviewed at each balance date to determine whether there are any objective indicators of impairment that may indicate the carrying values may be impaired as impairment testing is only performed when objective indicators are identified.

If the carrying value of an asset is determined to be in excess of its recoverable amount, the asset or cash generating unit is written down to its recoverable amount. Recoverable amount is determined as the greater of fair value less costs to sell and value in use. The assessment of value in use considers the present value of future cash flows discounted using an appropriate pre-tax discount rate reflecting the current market assessments of the time value of money and risks specific to the asset.

Where an asset does not generate cash flows that are largely independent it is assigned to a cash generating unit and the recoverable amount test applied to the cash generating unit as a whole.

(j) Exploration expenditure and evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having specific nexus with a particular area of interest.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore , the Directors regularly review the carrying value of the exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off. Expenditure is not carried forward in respect of any area of interest/mineral resources unless the Group’s rights of tenure to that area of interest are current.

(k) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Any excess of the asset’s carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

(l) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is fair value of the consideration to be paid for goods and services received that are unpaid, whether or not billed to the Group.

(m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Revenue

Revenue is recognised and measured by the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying value of the financial asset.

(o) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the Tax Authorites. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Tax Authorities is included as current asset or liability in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the Tax Authorities, are disclosed as operating cash flows.

(q) Foreign currency

Functional and presentation currency

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Paringa Resources Limited is Australian dollars. The functional currency of the overseas subsidiary is Brazilian Reals.

Foreign currency *transactions*

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Australian dollars at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in the Statement of Profit and Loss.

Group entities

The assets and liabilities of the Brazilian subsidiary are translated into Australian dollars at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions.

Foreign exchange difference arising on translation is recognised directly in the foreign currency translation reserve ("FCTR") as a separate component of equity.

(r) Segment reporting

AASB 8 Operating Segments requires 'a management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Paringa Resources Limited.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(t) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

ii Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Where the value of listed securities has increased the resultant gains are recognised in the other financial assets reserve. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

(u) Equity Settled compensation

The Group operates a share ownership plan for Directors and employees. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods.

The fair value of performance rights/options is determined using managements best estimates and observable market date and model inputs and the Black-Scholes pricing model. The number of performance rights and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

3. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

The fair value is determined with the assistance of an external valuer or using management's best estimates. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using managements best estimates (performance rights) or the Black-Scholes formula (for options), taking into account the terms and conditions upon which the instruments were granted.

4. Other expenses

	Year ended 30 June 2013 $	Period ended 30 June 2012 $
Bank Charges	8,273	-
Depreciation	2,921	-
Entertainment	356	-
Office costs	37,351	-
Travel & Accommodation	24,614	-
Website and software costs	5,599	16,070
Insurance	20,459	-
Total administrative expenditure	**99,573**	**16,070**

5. Income tax

	Year ended 30 June 2013 $	Period ended 30 June 2012 $
(a) Income tax expense:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Reconciliation between aggregate tax expense recognised in the income statement and tax expense per the statutory income tax rate		
Loss be assets offset against income tax expense	(661,015)	(25,389)
Tax at the company rate of 30%	(198,305)	(7,617)
Other non-deductible expenses	107	-
Income tax benefit not brought to account	198,198	7,617
Income tax expense	-	-

(c) Deferred tax

Statement of financial position

The following deferred tax balances have not been bought to account:

Liabilities		
Accrued income	31,978	
Capitalised exploration and evaluation expenditure	312,839	
Offset by deferred tax assets	(344,817)	-
Deferred tax liability recognised	**-**	**-**

Assets		
Losses available to offset against future taxable income	590,832	3,224
Share issue costs deductible over five years	203,906	
Accruals and provisions	8,082	-
Other	3,074	4,393
	805,894	**7,617**
Deferred tax assets offset against deferred tax liabilities	(344,817)	-
Deferred tax assets not brought to account as realisation is not regarded as probable	(461,077)	(7,617)
Deferred tax asset recognised	-	-
(d) Tax losses		
Unused tax losses	1,969,439	10,745
Potential tax benefit not recognised at 30%	**590,832**	**3,224**

The tax benefits of the above deferred tax assets will only be obtained if

(i) The Consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(ii) The Consolidated Entity continues with the conditions for deductibility imposed by law;

(iii) No changes in income tax legislation adversely affect the Consolidated Entity from utilising the benefits.

6. Segment note

The Group has one reportable segment being exploration in Brazil. The operating results of this segment are regularly reviewed by the Board of Directors in order to make decisions about the allocation of resources and asses the performance of the segment.

For the year ended 30 June 2013	**Exploration in Brazil**	**Unallocated**	**Consolidated**
Total segment revenue	-	-	-
Loss before income tax	(141,471)	(519,544)	(661,015)
Segment assets			
Exploration and evaluation expenditure	1,042,798	567,967	**1,610,765**
Other	20,400	8,163,340	**8,183,740**
Segment liabilities			
Other	(37,883)	(30,273)	**(68,156)**
As at 30 June 2012			
Total segment revenue	-	-	**-**
Loss before income tax	-	(25,389)	**(25,389)**
Segment assets			
Exploration and evaluation expenditure	209,176	-	**209,176**
Segment liabilities			
Loan payable	-	260,916	**260,916**

7. Trade receivables and other receivables

	30 June 2013 $	30 June 2012 $
Current		
Interest receivable	106,592	-
Other receivables	3,130	-
Prepayments	6,962	
	116,684	**-**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

8. Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Computer equipment	Office equipment	Plant and machinery	Total
Gross carrying amount				
Balance at 1 July 2012	-	-	-	-
Additions	14,574	15,314	12,115	42,003
Balance at 30 June 2013	**14,574**	**15,314**	**12,115**	**42,003**
Balance at 1 July 2012	-	-	-	-
Depreciation	(1,203)	(1,147)	(588)	(2,938)
Balance at 30 June 2013	**(1,203)**	**(1,147)**	**(588)**	**(2,938)**
Carrying amount at 30 June 2013	**13,371**	**14,167**	**11,527**	**39,065**

9. Other assets

	30 June 2013 $	30 June 2012 $
Current		
Security deposit (1)	**10,000**	**-**
Non-current		
Security deposit (2)	**10,900**	

(1): Relates to the deposit held as security for the Company credit card.
(2): Relates to the rental deposit held as security for the office in Western Australia.

10. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2 (d). Details of subsidiary companies are as follows:

Name	Country of incorporation	% Equity Interest	
		2013	**2012**
Paringa Mineração Limitada	Brazil	100%	100%

11. Exploration and evaluation expenditure

	30 June 2013	30 June 2012
	$	$
Balance at beginning of the period	209,175	-
Additions	1,401,590	209,175
Balance as at 30 June 2013	**1,610,765**	**209,175**

On 13 June 2012, the Company’s Brazilian subsidiary, Paringa Mineração Limitada entered into a Mineral Research and Option agreement (“MR & O agreement”) in relation to the following tenements 860.341/09, 864.508/10 and 864.466/08 within the Minaçu Gold Project. On 25th September 2012, the Official Gazette published the approval of the permits assigned to Paringa Mineração Limitada .

As at 30 June 2013, US$210,000 has been paid to the Assignors. For the transfer of the Mineral Rights, the Group shall pay to the Assignors remaining option payments totalling $1,040,000 by 30 June 2016.

The Group has also agreed to pay a 2% royalty over the monthly net results of the production on the Mineral Rights areas (“Royalty”). The Company can buy back 1% of the Royalty by paying to the Assignors an amount equivalent in Reals of US$2,000,000. If production does not start within 5 years after the date of the execution of the MR & O agreement, the Company shall pay the Assignors an advance payment of US$100,000 per year until the beginning of production in the mine. These advances may be deducted from the Royalty.

The remaining option payments totalling $1,040,000 to 30 June 2016 was not been recognised as a financial liability as the MR & O agreement entitles the Brazilian subsidiary to terminate the agreement at any time with appropriate notice.

If either the Group or the Assignors terminates the agreement, the Company will be released of all obligations under the MR & O agreement and will be required to transfer the ownership of the Mineral Rights back to the Assignors, without any costs or expenses to them. The Company under such circumstances would also deliver, within 30 days from the termination, all maps, reports and studies supplied by the Assignors and all reports and documents produced by the Company.

The ultimate recoverability of the exploration and evaluation expenditure is dependent on the successful development or sale.

12. Trade and other payable

	30 June 2013	30 June 2012
	$	$
Trade payable (1)	22,238	-
Accrued expenses	24,240	-
Other payables	10,739	-
	57,217	**-**

All amounts are short-term and the carrying values of the trade payables are considered to be a reasonable approximation of fair value.

(1) Trade payables are non-interest bearing and are normally settled on a 30-day basis.

13. Loan payable

	30 June 2013	30 June 2012
	$	$
Balance at beginning of the year/period	260,916	-
Loan advanced from Silver Lake Resources Limited	939,084	260,916
Conversion of loan into ordinary shares	(1,200,000)	-
	-	**260,916**

Silver Lake Resources Limited converted its unsecured, interest free loan of $1.2m, into 20 million fully paid shares at $0.06 per share on the date of the date of the Company's admission to the ASX (20 December 2012).

14. Provisions

	30 June 2013	30 June 2012
	$	$
Annual leave provision	**10,939**	**-**

The annual leave provision is considered current. Contributed Equity

15. Share capital

The share capital of Paringa Resources Limited consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholder's meeting of Paringa Resources Limited.

	30 June 2013	30 June2012
	$	$
(a) Issued and paid up capital		
Ordinary shares fully paid	**10,400,784**	**(26,351)**

	Number of shares	30 June 2013 $	Number of shares	30 June 2012 $
(b) Movements in ordinary shares on issue				
Balance at beginning of period including transaction costs	1	(26,352)	-	-
Issue of shares to Directors at $0.0067	6,000,000	40,200	-	-
Issue of shares to Directors at $0.01	1,750,000	17,500	-	-
Conversion of loan from Silver Lake at $0.06 per share	20,000,000	1,200,000	-	-
Issue of shares as part of IPO at $0.30	33,333,333	10,000,000	-	-
Transaction costs on share issue	-	(830,564)		(26,352)
	61,083,334	**10,400,784**	**1**	**(26,352)**

(c) Options issued

2,250,0000 unlisted share options were issued on 31 August 2012 and 300,000 on 7 September 2012 for nil consideration as pre-seed options given to Directors and Senior Management. The unlisted options must be exercised by the holder at any time on or after the Company's admission to the ASX (20 December 2012) for an exercise price of $0.30 per share, the options will expire 5 years from the date of issue.

The fair value of the options granted were valued using the Black and Scholes option pricing formula, however the valuation was immaterial and thus no share based payment expense has been recorded in the statement of comprehensive income for the year ended 30 June 2013. The inputs used to calculate the fair value are set out below:

Grant date	31 August 2012	6 September 2012
Share price at grant date	$0.01	$0.01
Exercise price	$0.30	$0.30
Expected dividends	0%	0%
Risk-free rate interest rate	2.6%	2.6%
Expected volatility	70%	70%
Expected life	5 years	5 years

On 8th March 2013, 300,000 were cancelled following the resignation of a Director.

As at 30 June 2013, no options were exercisable.

16. Reserves

	Foreign Currency Translation Reserve $
Balance at 1 July 2012	-
Exchange differences on translating foreign operations to group presentation currency	11,969
Balance as at 30 June 2013	**11,969**

	Accumulated Losses
	$
Balance at 1 July 2012	25,389
Net loss attributable to members of Paringa Resources Limited	661,015
Balance as at 30 June 2013	**686,404**

17. Cash and cash equivalents

(a) Reconciliation of cash

Cash and cash equivalents include the following:

	30 June 2013	30 June 2012
	$	$
Cash at bank and in hand:		
Australian dollars	306,228	-
Brazilian Reals	863	-
Short term deposits (Australian dollars)	7,700,000	-
Cash and cash equivalents	**8,007,091**	-

17 (b) Reconciliation of the operating profit/(loss) after tax to the net cash flows from operations

	Year ended 30 June 2013	Period ended 30 June 2012
	$	$
Operating loss after tax	(661,015)	(25,389)
Adjustments for:		
Depreciation	2,938	-
Items paid through Silver Lake loan	225,905	25,389
Changes in assets and liabilities:		
Increase in employee provisions	10,939	-
Increase in receivables	(116,684)	-
Increase in trade payables and accruals	29,552	-
Net operating cash flows	**(508,365)**	**-**

17 (c) Non-cash investing and financing outflows

Investing activities

Expenditure for exploration and evaluation on the statement of cash flow excludes items paid for by Silver Lake on behalf of the Group through its loan to the Group, this was $202,435 for exploration and evaluation items during the year ended 30 June 2013 (2012: $209,176).

Financing activities

The loan advanced by Silver Lake Resources Limited was for $1,200,000, however $252,856 was in cash and the remainder was paid directly to third parties on behalf of Paringa. Thus the proceeds from share issues on the statement of cash flows compared to the statement of financial position is lower by $947,144 (2012:$Nil). The amount of share issue costs paid by Silver Lake was $257,887, thus this is also excluded within the statement of cash flow (2012: $26,352).

18. Commitments

As part of the M R & O Agreement Paringa Mineração Limitada (the Company's Brazilian subsidiary) agreed to invest an annual minimum amount of the equivalent in Reals to US$500,000 during the first two years of exploration activities since listing on the ASX. As at 30 June 2013, the Brazilian subsidiary spent A$855,596 (excluding any options payments as part of the M R & O Agreement) during the year ended 30 June 2013.

19. Leases

The Group leases an office under an operating lease. The future minimum lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	**1 to 5 years**	**After 5 years**	**Total**
30 June 2013	44,673	22,881	-	67,554
30 June 2012	-	-	-	-

Lease expense during the period amounted to $20,309 (2012: Nil) representing the minimum lease payments. The rental contract has a non-cancellable term of 2 years with the end of the lease being 14 January 2015.

20. Loss per share

The basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company as the numerator.

	Year end 30 June 2013	**Period ended 30 June 2012**
	$	**$**
Loss used in calculating basic and dilutive EPS	(661,015)	(25,389)

	Number of Shares	
	30 June 2013	**30 June 2012**
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share:	35,109,361	-

There is no impact from 2,250,000 options outstanding at 30 June 2013 (2012: Nil options) on the loss per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future.

21. Auditors remuneration

The auditor of Paringa Resources Limited is Grant Thornton Audit Pty Ltd

	Year ended 30 June 2013	**Period ended 30 June 2012**
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:		
Audit or review of the financial report of the Company	27,032	-
Other services (Investigating Accountants Report for Prospectus)	10,000	-

22. Key management personnel

The following were Directors and key management personnel of the Group at any time during the reporting period and unless otherwise indicated were Directors and key management personnel for the entire period.

Directors

Mr David Griffiths – Non-Executive Chairman	Appointed 7 September 2012
Mr David Chapman – Managing Director	Appointed 7 September 2012
Mr Luis Mauricio Azevedo – Non-Executive Director	Appointed 7 September 2012

Other key management personnel of the Group

Mr Paulo Ilídio de Brito – Exploration Manager
Mr Nicholas Day – Company Secretary
Ms Emma Curnow – Financial Controller

(a) Option holdings of key management personnel

30 June 2013

Name	Balance at start of year	Granted	Held in Escrow	Vested and exercisable at the end of the year
D Chapman	-	1,000,000	1,000,000(*)	-
D Griffiths	-	250,000	250,000(*)	-
L Azevedo	-	500,000	500,000(*)	-
P Ilidio Brito	-	500,000	500,000(^)	-
N Day	-	-	-	-
E Curnow	-	-	-	-
Total	**-**	**2,250,000**	**2,250,000**	**-**

(*): These options are held in escrow for 24 months from the time of listing.
(^): Mr Brito's options are held in escrow for 12 months from the time of issue.

(b) Shareholdings of Key Management Personnel

30 June 2013

Name	Balance at start of year	Purchases for $0.01 prior to listing	Purchases during the year	Held at 30 June 2013
D Chapman	-	3,000,000 (*)	96,667	3,096,667
D Griffiths	-	750,000 (*)	863,000	1,613,000
L Azevedo	-	1,500,000 (*)	-	1,500,000
P Ilidio Brito	-	1,500,000(^)	-	1,500,000
N Day	-	-	80,434	80,434
E Curnow	-	-	-	-
Total	**-**	**6,750,000**	**1,040,101**	**7,790,101**

(*): These shares are held in escrow for 24 months from the time of listing.
(^): Mr Brito's shares are held in escrow for 12 months from the time of issue.

(c) Compensation of Key Management Personnel by category

	Year ended 30 June 2013	Period ended 30 June 2012
Short term – salaries or consulting fees (*)	691,261	153,398
Post employment – superannuation payments	26,660	-
Total remuneration	**717,921**	**153,398**

(*) $450,756 of this amount was included within exploration and evaluation expenditure on the Statement of Financial Position for the year ended 30 June 2013 (2012: $153,398).

The Group currently has options built into the Director and Executive packages. 2,250,0000 unlisted share options were issued on 31 August 2012 and 300,000 on 7 September 2012 for nil consideration as pre-seed options given to Directors and Senior Management. However, on 8th March 2013, 300,000 were cancelled following the resignation of a Director.

The unlisted options must be exercised by the holder at any time on or after the Company's admission to the ASX (20 December 2012) for an exercise price of $0.30 per share, the options will expire 5 years from the date of issue.

The fair value of the options granted were valued using the Black and Scholes option pricing formula, however the valuation was immaterial and thus no share based payment expense has been recorded in the statement of comprehensive income for the year ended 30 June 2013. The inputs used to calculate the fair value are set out in note 15 (c).

(d) Loans to key management personnel

There were no loans provided to key management personnel during the year.

There were no related party transactions between key management personnel and the Group other than those related to compensation which has been disclosed in the related party disclosures note below.

23. Related party disclosures

Silver Lake Resources Limited entered into a loan agreement to provide an unsecured, interest free loan of $1,200,000 ("the loan") to the Company. On the date of the Company's admission to the ASX, the loan was converted into 20 million fully paid shares at $0.06 per share. At the date of this financial statement, Silver Lake holds 34% of the ordinary shares of the Company.

Parati Pty Ltd a Company in which David Chapman is a Director provided technical consulting services to the Company during the year to the value of $132,892 (2012: $142,173) and was fully paid as of the reporting date.

Argento Trust, a Trust of which Nicholas Day is a beneficiary provided general consultancy and company secretarial services to the Company during the year to the value of $66,000 (2012: Nil) and was fully paid as of the reporting date.

FFA Legal, a Partnership in which Luis de Azevedo is a partner provided legal, accounting and tenement management services during the year to the Company to the value of $149,604 (2012: Nil) and was fully paid as of the reporting date.

Gryphon Management Australia Pty Ltd, a Company in which David Griffiths is a Director provided investor relations services to the Company during the year to the value of $13,875 (2012: Nil) and was fully paid as of the reporting date.

24. Financial instruments, risk management objectives and policies

Financial risk management

The Group's principal financial instruments comprise cash, short term deposits, receivables and payables. The risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk, commodity price risk and interest rate. The Group does not hold or issue derivative financial instruments. The Group uses different methods as discussed below to manage these risks and the objective is to support the delivery of the financial targets while protecting future financial security.
The Board of Directors has overall responsibility for the establishment and oversight of the financial risk management.

(a) Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts of cash and cash equivalents and trade and other receivables on the statement of financial position:

	30 June 2013
	$
Cash and cash equivalents	8,007,091
Trade and other receivables	116,684
	8,123,775

Where possible, the Group invests its cash and cash equivalents with banks that are rates the equivalent of investment grade and above. As at 30 June 2013, the Group held cash which was held with financial institutions with a rating from Standard & Poors of A or above (long term).

Trade and other receivables comprises interest accrued, GST refunds due, cash advances to employees and prepayments. The Group has no past due or impaired debtors as at 30 June 2013 (2012: Nil).

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity will be adequate to meet our expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2013 and 30 June 2012, all financial liabilities are contractually matured within 60 days.

	≤6 Months	6-12 Months	1-5 Years	≥5 Years	Total
2013					
Financial Assets					
Cash and cash equivalents	3,007,091	5,000,000	-	-	8,007,091
Trade and other receivables	116,684	-	-	-	116,684
Other assets	-	10,000	10,900	-	20,900
Total Financial Assets	**3,123,775**	**5,010,000**	**10,900**	**-**	**8,144,675**
Financial Liabilities					
Trade and other payables	57,217	10,939	-	-	68,156
Total Financial Liabilities	**57,217**	**10,939**	**-**	**-**	**68,156**
2012					
Financial Liabilities					
Borrowings	260,916	-	-	-	260,916
Total Financial Liabilities	**260,916**	**-**	**-**	**-**	**260,916**

(c) Foreign currency risk

The Group is exposed to foreign currency risk on purchases which are denominated in currencies other than the Group's functional currency, primarily from the subsidiary whose functional currency is Brazilian Real. The Group's exposure to foreign currency risk at the reporting date was as follows, based on notional amounts and the AUD equivalent:

	AUD	Real	Total
Cash and cash equivalents	8,006,228	863	8,007,091
Trade and other receivables	113,561	3,123	116,684
Trade and other payables	(19,333)	(37,884)	(57,217)
	8,100,456	**(33,898)**	**8,066,558**

The following table demonstrates the sensitivity of the Group's statement of profit and loss and equity to a reasonably possible change in the Real, with all other variables constant. A 10% change in AUD/BRL exchange rate for the year ended 30 June 2013.

	Effect on Post Tax Loss Increase/(Decrease)		Effect on Equity including accumulated losses Increase/(Decrease)	
Judgements of reasonably possible movements	**2013 $**	**2012 $**	**2013 $**	**2012 $**
Increase	28,762	-	31,195	-
Decrease	(28,762)	-	(31,195)	-

(d) Commodity price risk

The Group is exposed to commodity price risk from its activities directed at exploration for commodities. A fall in the price of mineral commodities may result in a decline of market sentiment thus affecting our ability to raise additional capital in the future.

(e) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits with maturities of less than one year.

	30 June 2013	30 June 2012
	$	$
Cash and cash equivalents	**8,007,091**	-

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of profit and loss to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	**Effect on Post Tax Loss Increase/(Decrease)**		**Effect on Equity including accumulated losses Increase/(Decrease)**	
Judgements of reasonably possible movements	**2013 $**	**2012 $**	**2013 $**	**2012 $**
Increase 100 basis points	80,071	-	80,071	-
Decrease 100 basis points	(80,071)	-	(80,071)	-

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

25. Contingent liabilities

Mineral Research & Option agreement - Minaçu Gold Project

The remaining option payments totalling $1,040,000 to 30 June 2016 have not been recognised as a financial liability as the agreement entitles the Brazilian subsidiary to terminate the agreement at any time with appropriate notice.

No other contingent liabilities have been identified in the consolidated entity as at 30 June 2013.

26. Dividends

No dividend was paid or declared by the Company in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2013 (2012: Nil). The balance of the franking account as at 30 June 2013 is Nil (2012: Nil).

27. Parent note

Information relating to Paringa Resources Limited ("the parent entity)

Statement of financial position	**30 June 2013**	**30 June 2012**
Current assets	8,129,789	-
Total assets	**9,886,124**	**209,175**
Current liabilities	30,273	260,916
Total liabilities	**30,273**	**260,916**
Issued capital	10,400,784	(26,352)
Retained earnings	(544,933)	(25,389)
Total equity	**9,855,851**	**(51,741)**
Statement of profit or loss and other comprehensive income		
Loss for the year/period	(519,544)	(25,389)
Other comprehensive income	**-**	**-**
Total comprehensive income	**(519,544)**	**(25,389)**

The parent entity has no capital commitments at the year end.

It also has no contingent liabilities at the year end.

28. Subsequent events

On 2nd September 2013, the Company entered into a conditional agreement to acquire Hartshorne Coal Mining Ltd ("Hartshorne") which has export quality thermal and coking coal projects ("Projects") located in the USA. The total consideration to be paid for the acquisition of 100% of the issued shares in Hartshorne will be 61,000,000 fully paid ordinary shares in Paringa. The agreement to acquire Hartshorne is conditional on approval by the Paringa Shareholders. A General Meeting is set for 16 October 2013.

On 6th September 2013, the Company issued 150,000 options to employees for an exercise price of $0.30 and with an expiry of 31 December 2016.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Paringa Resources Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.

On behalf of the Board

D. Chapman

David Chapman
Managing Director
Perth
25 September 2013

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Independent Auditor's Report
To the Members of Paringa Resources Limited

Report on the financial report

We have audited the accompanying financial report of Paringa Resources Limited ("the Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Paringa Resources Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 9 to 11 of the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Paringa Resources Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Partner - Audit & Assurance

Perth, 25 September 2013

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Auditor's Independence Declaration
To the Directors of Paringa Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Paringa Resources Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Partner - Audit & Assurance

Perth, 25 September 2013