

November 3, 2015



Capex For The Buck Creek No.1 Mine Reduced To US\$106 Million

NEW YORK, Nov. 3, 2015 /PRNewswire/ --

HIGHLIGHTS:

- *Final construction bidding process has been completed and **Paringa has now received competitive bids** for all the major capital items to develop the Buck Creek No.1 Mine, the results of which will be incorporated into the Bankable Feasibility Study ("BFS")*
- *Due to the competitive bidding process between a large pool of experienced contractors, there has been a **significant reduction in the capital expenditure ("Capex")** required to develop the Buck Creek No.1 Mine*
- *Based on the final construction bidding process, the current Capex estimate for the Buck Creek No.1 Mine has been **reduced to US\$106 million**.*
- *The revised Capex estimate represents a **significant saving of US\$22 million** when compared to the Capex estimate used in the Pre-Feasibility Study for the Buck Creek No.1 Mine.*
- *Final bid awards and construction contract executions will align with the completion of formal negotiations with financiers to develop the Buck Creek No.1 Mine*
- *Results of the **BFS for Buck Creek No.1 Mine** and the **Scoping Study for the Buck Creek No.2 Mine** are due to be released in the current quarter*

Paringa Resources Limited ("**Paringa**" or "**Company**") is pleased to advise that it has now received competitive bids for all major capital items for the construction and development of the Company's Buck Creek No.1 Mine ("**Buck Creek No.1 Mine**").

These bids were received as a result of an extensive six month contract negotiation and bidding process for all major capital items including site development, electrical substation and infrastructure, slope (decline) construction, shaft excavation, mine fan and escape hoist, surface facilities, coal preparation plant, materials handling, overland conveyor belt and barge load-out facility.

Due to the competitive bidding process between several highly experienced contractors, there will be a significant saving to the initial total capital estimate used in the Pre-Feasibility Study ("**PFS**") for Buck Creek No.1 mine. This is an indication of the availability of highly experienced coal industry contractors and the competition among contractors to win mine development work in the Illinois Basin.

Paringa's President and Chief Executive Officer, Mr. David Gay, said: "*This is an outstanding outcome for Paringa and the result of long and hard work from our US management team. We are looking forward to continuing discussions with potential*

financiers this year and have received exceptional feedback since announcing our cornerstone coal sales agreement with LG&E and KU."

The Buck Creek No.1 Mine is located in one of the best-served and infrastructure advantaged coal regions in the US. All construction services, construction personnel, contractors and parts will be supplied by firms who are operating in the region. Capital costs for the Buck Creek No.1 Mine have been benchmarked against similar underground mines in the region that mine the Project's WK No.9 coal seam in similar conditions, utilising identical mining and processing techniques and equipment. In addition, the capital intensity (inclusive of leased equipment) of the Buck Creek No.1 Mine is similar to other new coal developments in the Illinois Basin by public listed companies that have started construction since 2007.

Final bid awards and construction contract executions will align with the completion of formal negotiations with financiers to develop the Buck Creek No.1 Mine. In addition, results of the final construction bidding process including a detailed breakdown of major capital items and comparisons to the total initial estimate used in the PFS, will also be incorporated in the Bankable Feasibility Study ("**BFS**") which is due to be completed during the current quarter.

Paringa is still evaluating bids received for some of the smaller items of the capital budget to develop the Buck Creek No.1 Mine and the final initial total capital cost adopted in the BFS may change slightly.

BUCK CREEK MINING COMPLEX

The Buck Creek Mining Complex is located in the Western Kentucky region of the Illinois Coal Basin ("**ILB**") which is one of the most prolific coal producing regions in the United States. Paringa controls over 34,556 gross acres (~13,988 ha) of coal leases within an area of interest of approximately 72,000 acres (~28,000 ha). The Buck Creek Mining Complex is one of the few remaining contiguous high quality thermal coal projects within the Western Kentucky No. 9 ("**WK No. 9**") seam that is not controlled by one of the major United States coal companies. It offers one of the highest quality, highest heating value products in the ILB. The WK No. 9 is now the second largest producer of coal in the United States by coal seam.

The Buck Creek Mining Complex has a JORC Measured and Indicated Coal Resource Estimate of 211 million tons (~192 million tonnes) of high quality thermal coal. The Project's Marketable Ore Reserve is classified as a Proven and Probable Ore Reserve Estimate, of which 16.4 million tons (or 26 percent) is considered proven and 46.3 million tons (or 74 percent) is considered probable.

Buck Creek Mining Complex – Coal Resource Estimate	
CRE Tonnage (Mt)	Coal Quality (+4% Eq. Moisture)

Measured	Indicated	Total Measured & Indicated	Inferred	Total	Calorific Value	Ash	Yield
57.7	153.5	211.2	5.3	216.5	11,855 Btu/lb (6,583 Kcal/kg)	8.35%	92.9%

Buck Creek No.1 Mine Maiden Ore Reserve Estimate						
Recoverable Coal Reserve (Mt)			Product Yield	Marketable Coal Reserve (Mt)		
Proven	Probable	Total	%	Proven	Probable	Total
22.25	62.91	85.16	73.54%	16.36	46.27	62.63

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

Forward Looking Statements

This announcement may include forward-looking statements. These forward-looking statements are based on Paringa's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Paringa, which could cause actual results to differ materially from such statements. Paringa makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.

Competent Persons Statements

The information in this announcement that relates to Exploration Results, Coal Resources, Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Paringa's ASX announcements dated 17 March 2015 entitled 'Paringa Delivers Exceptional Pre-Feasibility Study at the Buck Creek No.1 Mine' and 25 February 2015 entitled 'Substantial 54% Increase in Measured and Indicated Coal Resources to 211 Million Tons' which are available to view on the Company's website at www.paringaresources.com.au.

The information in the original ASX announcements that related to Exploration Results and Coal Resources is based on, and fairly represents, information compiled or reviewed by Mr. Kirt W. Suehs, a Competent Person who is a Member of The American Institute of

Professional Geologists. Mr. Suehs is employed by Cardno. Mr. Suehs has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as a Qualified Person as defined in the 2011 Edition of the National Instrument 43-101 and Canadian Institute of Mining's Definition Standards on Mineral Reserves and Mineral Resources.

The information in the original ASX announcements that related to Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on, and fairly represents, information compiled or reviewed by Messrs. Justin S. Douthat and Gerard J. Enigk, both of whom are Competent Persons and are Registered Members of the Society for Mining, Metallurgy & Exploration. Messrs. Douthat and Enigk are employed by Cardno. Messrs. Douthat, and Enigk have sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as Qualified Persons as defined in the 2011 Edition of the National Instrument 43-101 and Canadian Institute of Mining's Definition Standards on Mineral Reserves and Mineral Resources.

Paringa confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcements; b) all material assumptions and technical parameters underpinning the Coal Resource, Coal Reserve, Production Target, and related forecast financial information derived from the Production Target included in the original ASX announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this presentation have not been materially modified from the original ASX announcements.

To view the original version on PR Newswire, visit <http://www.prnewswire.com/news-releases/capex-for-the-buck-creek-no1-mine-reduced-to-us106-million-300171536.html>

SOURCE Paringa Resources Limited