

Buck Creek Mine Complex Transforms To A Staged High Margin Low Capex Development

- Following the No.2 Mine Scoping Study, Paringa will now develop the No.2 Mine first as part of a staged multi-project development strategy for building a new "mid-tier", high margin Illinois Basin coal company
- Scoping Study results demonstrate the No.2 Mine will be a high margin 1.8 Mtpa mine with low capex of only US\$44 million due to favourable geology and shallow depth of coal seam from surface at the proposed No.2 Mine site
- Short construction period of 12 months together with streamlined and proven permitting process should allow the No.2 Mine to start construction by Q2 2017 and production by mid-2018
- Buck Creek Mine Complex will ultimately become a strategic 5.6 Mtpa supplier of high quality coal into the growing Eastern US power market
- Paringa to expedite remaining technical studies at the No.2 Mine, continue debt financing discussions and contract additional coal sales throughout 2016

NEW YORK, Feb. 14, 2016 /PRNewswire/ -- Paringa Resources Limited (**Paringa**" or **Company**") is pleased to announce the results of a scoping study (**Scoping Study**) on the Buck Creek No.2 Mine ("**No.2 Mine**" or "**Project**"), which is located within the Buck Creek mining complex ("**Buck Creek Mine Complex**") and south of the Buck Creek No.1 Mine's ("**No.1 Mine**") proposed 3.8 million tons per annum ("**Mtpa**") coal project.

Buck Creek Mine Complex: Key Metrics	No.2 Mine (Scoping Study)	No.1 Mine (Bankable Feasibility Study)
Average Annual Production	1.8 Mtpa	3.8 Mtpa

Mine Life	20 years	18 years
"All-in" Opex (FOB Barge Green River)	US\$32.94 per ton	US\$29.34 per ton
Average Annual EBITDA (steady-state production)	US\$33 million	US\$88 million

Commenting on the completion of the Scoping Study, Paringa's President and CEO, Mr David Gay, said: *"The results of the Scoping Study further illustrate that the Buck Creek Mine Complex is without doubt the best undeveloped coal project in the highly sought after Illinois Basin. The Scoping Study has yielded extremely positive results, and if we knew from the outset what we know now, we would have always developed the No.2 Mine first. The emergence of the No.2 Mine has transformed the economics of the project and we are very excited about the enhanced strategy of creating a staged multi-project development by building the low capex No.2 mine first, followed by the No.1 Mine."*

The Scoping Study referred to in this announcement is based on lower-level technical and preliminary economic assessments, and is insufficient to support the estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realized.

Buck Creek Mine Complex: Background to the Change of Strategy

When Paringa originally acquired the coal leases comprising the Buck Creek Mining Complex from two local coal entrepreneurs in 2013, the only historical work that had been conducted on the property was in relation the No.1 Mine, and as a result the No.1 Mine was Paringa's initial focus.

Since the acquisition, Paringa's US team of experienced mine engineers have secured additional coal leases, undertaken expanded drilling programs, and prepared a geological model for the entire Buck Creek Mining Complex (not just the No.1 Mine area) which led to the discovery of a section of coal to the south of the No.1 Mine area that had a shallow depth from surface and could be suitable for a simple, low cost "box cut" mine development to access the coal seam.

This discovery led to Paringa commencing technical studies on this shallow section of coal (now called the No.2 Mine) and based on the exceptional results of these studies, Paringa will now develop the low capex No.2 Mine first, followed by the No.1 Mine, as part of a staged development strategy for building a new "mid-tier", high margin Illinois Basin coal company.

Paringa aims to emulate the success of Alliance Resource Partners, LLC (**Alliance**) which has built a highly successful coal company that generates strong stable cash flow throughout the cycle. Alliance, which mines over 30 Mtpa of coal in the Illinois Basin, built

its business by developing low capex, high margin, room-and-pillar coal operations that mine the WK No.9 coal seam in Western Kentucky, USA. The Buck Creek Mine Complex is adjacent to Alliance's Western Kentucky operations and will be mining the WK No.9 coal seam at the No.2 and No.1 Mines.

Buck Creek Mine Complex: Staged Multi-Project Development

Based on the results of the Scoping Study, Paringa will now develop the No.2 Mine first, followed by the "shovel-ready" No.1 Mine, as part of a staged multi-project development strategy for building a new "mid-tier", high margin Illinois Basin coal company. Key reasons supporting the decision to develop the No.2 Mine first, followed by the No.1 Mine, are as follows:

Table 1: Key Reasons Supporting the Decision to Develop No.2 Mine First	
Key Reasons	Description
Lower Capex	Capex for No.2 Mine of US\$44 million is significantly lower than No.1 Mine of US\$105 million
Less Shareholder Dilution	Funding requirement to develop the No.2 Mine is significantly lower limiting any dilution to Paringa shareholders
Streamlined Permitting Process	Due to the lack of new coal mine developments in Eastern Kentucky (i.e. Central Appalachian coal mines) and no requirement to secure the long lead time US 404 Permit for the initial construction of the No.2 Mine, the permitting process to start construction should take approximately 12 to 14 months
Shorter Construction Period	With favourable geology and shallow depth of coal from surface at the proposed mine site, the construction period for the No.2 Mine is approximately 12 months (No.1 Mine is approximately 19 to 22 months)
Enhanced Credit Metrics for Debt Financing	The shorter construction period potentially facilitates a faster repayment of any debt facility, significantly improving the credit metrics for debt financiers

Buck Creek Mine Complex: Proposed Development Timetable

The proposed development timetable for the No.2 and No.1 Mines is shown below:

Buck Creek	2016				2017				2018				2019				2020				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
No.2 Mine																					
Technical Studies	X	X	X	X																	
Secure Surface Property¹	X	X																			
Permitting²	X	X	X	X	X																
Construction						X	X	X	X												
First Coal										X											
Commercial Production											X	X	X	X	X	X	X	X	X	X	
No.1 Mine³																					
Construction											X	X	X	X	X	X	X	X			
Commercial Production																			X	X	

Notes:

(1) Surface property for the No.2 mine site

(2) Permits required to start construction

(3) Subject to market conditions

Buck Creek Mine Complex: Next Steps

As part of the first phase in developing the Buck Creek Mine Complex, Paringa will now undertake the following key steps for the remainder of 2016 year to develop the No.2 Mine:

1. Update LG&E and KU contract for the No.2 Mine

Prior to making the decision to develop the No.2 Mine first, Paringa held discussions with LG&E and KU, and has received extremely positive and supportive feedback to update the US\$220 million contract for the No.2 Mine. The Company anticipates formalising with LG&E and KU the transition to the No.2 Mine over the coming months.

2. Complete Technical Studies at No.2

Paringa will now expedite the completion of remaining technical studies for the No.2 Mine. The results of the technical studies for the No. 2 Mine are expected to be released during the second half of 2016.

3. Begin Permitting Process and Secure Remaining Coal Leases

Paringa will expedite the permitting process to secure those permits required to start construction at the No.2 Mine. In addition, the Company will undertake an aggressive leasing program to secure remaining coal leases. Paringa's highly experienced US team has recently successfully completed the permitting and lease programs required to begin constructing the No.1 Mine and continues to maintain excellent relationships with all key stakeholders, including local leaseholders and landowners.

4. Debt Financing Discussions to Construct the No.2 Mine

Paringa will continue advanced discussions with debt financiers in North America, including those who demonstrated significant interest to finance the No.1 Mine, with the view to begin construction of the No.2 Mine in the June quarter of 2017.

5. Execute Additional Coal Sales Contracts

Paringa will continue to seek additional coal sales with local utilities who operate scrubbed coal fired power plants along the Ohio River Market (55 million tons of coal demand) and who are buyers of the Project's WK No.9 coal specification. In addition, the Company will assess opportunities to sell coal into a secondary target South East Market (77 million tons of coal demand), which is a growing market for Illinois Basin coal.

Buck Creek No.2 Mine: Scoping Study

The Scoping Study confirms that the Buck Creek No.2 Mine has the potential for low capital development with total initial capital cost ("**Capex**") of only US\$44 million. As a result of the shallow depth of the WK No.9 coal seam from the surface at the proposed mine site and coal seam access area, the construction period to access coal at Buck Creek No.2 Mine is anticipated to be approximately 12 months. Construction may begin as soon as the

necessary permits are secured, and the current expectations for completing the permitting process to begin mine construction is approximately 12 to 14 months.

The low capex, high margin Project is expected to achieve average earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") of US\$33 million per annum (steady state) with average annual total operating costs (steady state; inclusive of royalties and severance taxes) of US\$32.94 per ton Free On Board Barge ("**FOB Barge**") at the Project's barge load-out facility. This "all-in" operating cost includes trucking costs from the Project's Coal Handling Preparation Plant ("**CHPP**") to the Green River barge load-out facility totalling US\$2.14 per ton.

Utilizing the Buck Creek Mine Complex's Coal Resource Estimate of 224.8 million tons of coal, the Project can support production of 2.3 Mtpa Run-of-Mine ("**ROM**") coal yielding approximately 1.8 Mtpa of saleable clean coal at steady state production. The Scoping Study has been prepared in accordance with JORC Code 2012 Edition ("**JORC Code**") and National Instrument NI 43-101 'Standards of Disclosure for Mineral Projects' ("**NI 43-101**").

Buck Creek No.2 Mine: Key Results

Table 2: Strong Project Fundamentals (to a maximum accuracy variation +/- 30%)	
Initial Capital Costs	
Mine Site Development and Infrastructure	US\$15.9 million
Coal Handling Preparation Plant & Barge Load-Out Facility	US\$28.5 million
Total Initial Capital Cost	US\$44.4 million
Production (tons)	
Average ROM Coal Production Steady State	2.3 Mtpa
Total ROM Coal Produced Life-of-Mine (" LOM ")	43.7 million
Product Heating Content	11,200 Btu/lb
Average Product Yield	76.7%
Mine Life	20 years

Mining Method	Room-and-Pillar	
Average Saleable Coal Production Steady State	1.8 Mtpa	
Total Saleable Coal Produced LOM	33.5 million	
Permitting Process Period to Begin Mine Construction	12 to 14 months	
Construction Period	approx. 12 months	
Ramp-up Period to Full Production	approx. 12 months	
Cash Flow		
Average Sales Price Received (US\$11,200 btu/lb)	2018	2035
	US\$44.50 /t	US\$54.60 /t
Average Annual Operating Costs (steady state)	US\$32.94 per ton	
Average Annual EBITDA (steady state)	US\$33 million	

Low Operating Costs

The expected average annual operating costs per clean ton of coal during steady state production ("all-in cash costs") is approximately US\$32.94 per ton (FOB Barge), including the cost of leased mining equipment, royalties, severance taxes and trucking costs to the Green River barge load-out facility.

Table 3: Low Operating Costs	
Average Annual Operating Costs (Steady State)	US\$ per ton
Labor and Benefits	8.13

Operating & Maintenance	8.43
Power & Utilities	0.97
General & Administration	0.92
Leased Equipment	2.38
Sub-total Direct Mining Costs	20.83
CHPP & Barge Load-Out Facility	4.37
Transportation Costs (truck to Green River barge load-out)	2.14
Taxes & Insurance (includes Severance taxes)	3.70
Royalties (4%)	1.90
Average Annual Operating Costs	32.94

The total "all-in" operating costs of US\$32.94 per ton assumes the removal of the vendor overriding royalty in accordance with the revised vendor payment terms announced to the ASX on 2 June 2015.

Low Capex Development

Total initial capital is estimated at US\$44.4 million which includes the cost of surface property, surface and underground mine development and infrastructure estimated at US\$15.9 million and the cost of a CHPP, barge load-out and surface facilities of US\$28.5 million.

Table 4: Buck Creek No.2 Capital Costs	
Capital Item	US\$ million

Project Development	3.4
Mine Development	12.5
Sub-total Mine Development	15.9
Coal Preparation Plant	16.0
Refuse Disposal Site	1.5
Materials Handling	5.0
Barge Load-Out Facility and Road Upgrade	6.0
Sub-total CHPP & Load-Out	28.5
Total Initial Capital Cost	US\$44.4 million

The Buck Creek No.2 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. Sustaining capital for the mine, mine site infrastructure and CHPP has been estimated at US\$2.40 per ton.

Mine	Owner	Construction Start Year	Nameplate Production	Capex Intensity
River View (CM)	Alliance	2007	8.4 Mtpa	US\$29 /t
Bear Run (DL)	Peabody	2009	5.2 Mtpa	US\$50 /t

White Oak #1 (LW)	Alliance/Private	2011	6.5 Mtpa	US\$62 /t
Gibson South (CM)	Alliance	2011	5.2 Mtpa	US\$38 /t
Pennyrile (CM)	Rhino	2013	2.0 Mtpa	US\$34 /t
Average				US\$43 /t
Buck Creek No.1 (CM)	Paringa		3.8 Mtpa	US\$43 /t
Buck Creek No.2 (CM)	Paringa		1.8 Mtpa	US\$44 /t

Capital Intensity = Total Capital divided by Nameplate Production; Capex includes all mining equipment to full production

Note: (CM) – Continuous Miner; (LW) – Longwall; (DL) – Surface Dragline

Source: Company Filings

Capital costs for the Buck Creek No.2 Mine have been benchmarked against similar underground and surface mines in the region that mine the WK No.9 coal seam in similar conditions, utilizing 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 (refer to Table 5).

Realistic Sales Price Assumptions

During the December 2015 quarter, Paringa executed its "cornerstone" coal sales agreement with LG&E and KU for future coal sales from the proposed Buck Creek No.1 Mine, totaling US\$220 million of contracted sales. Paringa has adopted the LG&E and KU long term contract prices for the Project's Blended Product (11,200 Btu/lb) for the Scoping Study from 2018 to 2022 and Hanou Energy Consulting, LLC's latest Illinois Basin coal price forecast for years 2023 to 2035.

A selection of the sales prices used in the Scoping Study for Paringa's Blended product for the years 2018 to 2035 is summarised in the table below:

Table 6: Selected Average Sales Forecasts (US\$ per ton)

Project Coal Specification	2018	2019	2020	2025	2030	2035
Blended (11,200 Btu/lb)	44.50	45.50	46.30	49.64	52.06	54.60

Coal Quality

The Buck Creek No.2 Mine has particularly attractive coal quality properties compared to existing mines operating in the Illinois Basin. On a product basis, together with a 4% addition to equilibrium moisture, the coal has a high range heat content of 12,121 Btu/lb which compares very favourably with the larger producing mines in the Illinois Basin. Since thermal coal mines are ultimately selling energy this factor makes the Buck Creek Project's quality very attractive as a new source of energy from the Illinois Basin.

Table 7: Buck Creek No.2 Mine – Coal Quality Specifications								
Raw Proximate Analysis (As Received)						Average Washed Core Product Qualities (Equilibrium Moisture +4%)		
EQ Moisture	Ash	Volatile Matter	Fixed Carbon	Chlorine	HGI	Calorific Value (Btu/lb)	Ash (%)	Yield @ 1.60 Float (%)
4.93%	12.32%	38.52%	43.7%	0.14%	65	12,121	8.9%	92.0%

One important characteristic to be considered in the Illinois Basin is the chlorine content. The Project's chlorine content is a relatively low 0.14% and thus has a significant advantage over many other new developments in the Illinois Basin which typically have values exceeding 0.3%. The coal quality analysis obtained in relation to the Project provides confidence that the coal will be an attractive Illinois Basin product to the scrubbed domestic Ohio River (55 Mtpa) and South East (77Mtpa) Markets.

Coal Resources

Paringa previously announced to the Australian Securities Exchange ("**ASX**"), as part of the BFS for the Buck Creek No.1 mine, an increase of the Coal Resource Estimate ("**CRE**") for the Buck Creek Mining Complex to 224 million tons (~203 million tonnes) in the Measured

and Indicated categories.

The updated CRE also incorporated results from the seven hole development drilling program at the Buck Creek No.2 Mine to assist with the initial engineering design and orientation of the planned mine portal for the Scoping Study.

Table 8: Buck Creek Mining Complex – Coal Resource Estimate							
CRE Tonnage (Mt)					Product Quality (+4% Eq. Moisture)		
Measured	Indicated	Total Measured & Indicated	Inferred	Total	Calorific Value	Ash	Yield
60.5	163.6	224.1	0.7	224.8	11,850 Btu/lb	8.5%	92.9%

The Buck Creek Mining Complex has over 1,200 coal seam intercepts providing a significant level of understanding of the WK No.9 coal seam within the property. A total of 194 bore holes were used in the CRE, including 103 Kentucky Geological Survey core holes, 29 Buck Creek Resources LLC core holes, 10 Buck Creek Resources LLC rotary holes, 21 Hartshorne Mining LLC core holes, 4 Hartshorne Mining LLC rotary holes, and 27 gas wells.

The mine plan used in the Scoping Study to underpin the production target (**Production Target**) of 43.7 million tons of total ROM coal produced over the LOM (which equates to 33.5 million tons of total clean coal produced over the LOM) is based on Measured Recoverable Coal Resources (including dilution) of 16.5 million tons (37.8%) and Indicated Recoverable Coal Resources (including dilution) of 27.2 million tons (62.2%).

The Buck Creek Mining Complex coal resource is in the WK No. 9 coal seam. Thickness of the WK No. 9 coal seam modelled in the CRE averages approximately 3.8 feet. The coal seam height within the Buck Creek No.2 Mine plan averages 3.7 feet, a suitable seam thickness for high-productivity underground mining with approximately 0.8 feet of out-of-seam mining needed to achieve an average mining height of 4.5 feet required for equipment clearance. Seam and mining heights are similar to a number of underground mines in the region.

Coal Seam Access: Simple Box Cut Development

Due to the shallow depth of the WK No.9 coal seam from the surface approximately 100 to 125 feet (30 to 38 meters) at the eastern edge of the proposed mine plan area), access to the proposed Buck Creek No.2 mine will be provided by a combination box cut and drifts for ventilation, transport of personnel, materials and Run of Mine ("**ROM**") coal.

The box cut will consist of a rectangular excavation from the original surface approximately 80 feet in depth, with the remaining depth traversed by a series of decline drifts developed through the overburden rock above the WK No. 9 seam to about 240 feet (73 meters) in depth from surface to access the coal. The proposed box cut will be approximately 300 feet (91 meters) wide and 100 feet (30 meters) long at its deepest level. This combined box cut/drift method of coal seam access is commonly used in the Illinois Basin to reduce construction expense where coal seams are relatively shallow.

It is also proposed that four (4) drifts will be constructed at the bottom of the box cut for an exhaust air portal, a conveyor entry portal, a roadway/vehicle entry portal, and a blowing fan/intake air portal. The four drifts will be driven using continuous mining equipment. Roof support in these drifts will be similar to standard roof support for main entries within the mine. The drifts will be driven at a decline of 8 degrees and will each be approximately 1,150 feet (350 meters) in length.

The box cut design will include a drive-able ramp from the surface facility area to the bottom of the box cut for vehicle access. This ramp will be constructed to include the conveyor from the portal area to the raw coal stockpile.

Simple Underground Mining Operations

Proposed production from the mine will come exclusively from utilizing the room-and-pillar method. The selection of underground room-and-pillar mining is validated by examining the method of mining used by adjacent operations which are some of the highest productivity room-and-pillar mines in the world. In addition, the room-and-pillar mining method with continuous miners has received all of the necessary approvals from regulatory agencies at nearby operations and is supported by well-established equipment models with a ready supply of repair and replacement parts. No prototype equipment has been selected for use in the Project.

Paringa's US-based executive staff has vast coal mining experience and, more specifically, operational experience in the WK No. 9 coal seam. The seasoned backgrounds of the leadership team will enable the successful development and execution of a sound business plan that incorporates management best-practices, engineering design, personnel selection and training, equipment selection, and a mine plan to maximize safe mine production and high productivity.

Mine Plan

The Project has an advantage over many greenfield resources projects in that there are successful mines adjacent to the Property operating in similar conditions. These active operations have been considered in planning the Buck Creek No.2 Mine operation.

The surface facilities will be located on the eastern end of the Buck Creek No.2 Mine area adjacent to the box cut. Centrally located shafts will facilitate future mine ventilation requirements. From the box cut area, the mains are driven southwest from the portals.

After progressing a distance of approximately 3,300 feet (1,000 meters), main development will also be driven to the south and subsequently to the west, as the mine area is essentially bisected by a well-defined structural fault. Mains are designed to provide a

sufficient number of intake and return airways in addition to travelways and conveyor entries. Main entries have been designed to expedite the preparation of panel development locations for successive panels.

Mining Production

The continuous miner advance rate projected for the development sections is a nominal 560 feet (170 meters) per unit-shift, comparable to the performance of other producers in the Illinois Basin, and also comparable to development rates projected for the Buck Creek No. 1 Mine Bankable Feasibility Study.

The mine plan includes a total production of 43.7 million ROM tons and 33.5 million clean (i.e. marketable) tons. The Buck Creek No.2 Mine is projected to produce 2.3 million ROM tons per year, and 1.8 million clean tons per year at full production over a 20-year mine life.

Due to the size of the resource, the potential exists to add an additional unit and increase annual production. Future technical studies, plans, and designs are needed to evaluate the potential for production increases.

Mining Method

Production from the proposed Buck Creek No.2 Mine will come from two continuous miner supersection units. Each supersection unit is equipped with two continuous miners and two roof-bolting machines for enhanced productivity.

In addition, each super-section will be equipped with a minimum of four battery haulers discharging onto a belt feeder/breaker, which provides surge capacity to reduce haulage dump times. The super-sections will also require scoops for clean-up of spillage, and supply cars for distribution of supplies and materials, rockdusting, and other utility purposes.

Intake air will be directed through central entries and used to provide fresh air for the continuous miners. After ventilating the working faces, the return air will be routed through the exterior entries to exit the mine at the return portal or air shaft.

Mining Equipment

The equipment must be sized to fit the coal seam height or additional extraneous material must be taken from the roof or floor to accommodate larger equipment. In general, larger equipment will have higher horsepower and greater productive capacity. The Buck Creek No.2 Mine plan is based on successful performance at nearby mines and incorporates a cutting height of 4.5 feet.

The equipment list for Buck Creek No.2 Mine's typical supersection production unit is shown below:

Table 9: Supersection Mining Equipment List
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Equipment	Quantity
Continuous Miner	2
Coal Haulers (Shuttle Cars or Battery Haulers)	4
Roof Bolter	2
Feeder / Breaker	1
Scoops	2
Electrical Power Center	1

Local Mining Industry

With mining operations dating back to the early 1800's, western Kentucky's coal mining industry is one of the oldest and most extensively developed coal regions in the US. At full production, staffing for the Buck Creek No. 2 is expected to total 165 employees that are non-union, highly skilled and sourced predominately from nearby population centers.

The Project is extremely well-serviced by all major mining equipment manufacturers and mine service and supply centres. Major mining equipment manufacturers have rebuild and component service exchange centres located near the proposed mine site. A major network of mining service providers including slope, shaft, and preparation plant construction companies are located in the immediate area.

Coal Processing, Materials Handling and Project Infrastructure

The ROM production for the Buck Creek No.2 Mine will require processing (cleaning) in order to meet market specifications. Paringa developed a preparation plant flow sheet and blending rationale for the Buck Creek No. 1 Mine that allows for a portion of the minus ½" ROM coal to bypass the preparation process and to be blended back with the processed (cleaned) coal to produce a higher yield, lower quality product. The amount of bypassed coal can be varied to produce a range of product qualities. This process design will be utilized at the Buck Creek No. 2 Mine in order to produce a range of product qualities.

This Scoping Study assumes that 100% of the coal product from Buck Creek No. 2 will be a blend of processed and bypassed coal to meet a target specification of 11,200 Btu/lb. This target coal quality is expected to result in an overall yield of 76.7% as shown below:

Table 10: Buck Creek No.2 Product Quality

Product	% of ROM	Yield	Btu/lb
By-Pass Coal	20%	100%	9,841
Processed Coal	80%	70.7%	11,695
Product Blend	100%	76.7%	11,204

It is proposed that all of the plant feed for the underground Buck Creek No.2 Mine will come from the WK No. 9 seam. Mining operations will utilize powerful and highly productive equipment that require 4.5 feet of working height.

Table 11: Summary of Buck Creek No.2 Preparation Plant Design

Equipment	
Scheduled (Raw tons per Year)	2,350,000
Planned Annual Processing Days	250
Scheduled Operating Hours per Day	24
Utilization	90%
Design Capacity (Raw tons per hour)	400
Required Capacity (Raw tons per hour @ average 20% plant bypass)	348

Any out-of-seam dilution must be removed from the product by coal processing. Precise monitoring and control of the specific gravity of separation during operation of the coal preparation plant will provide a consistent and predictable product in conformance with specifications of coal sales agreements.

The coal preparation plant design throughput capacity will be a nominal 400 tons per hour. Following the initial ramp-up period, the mine will produce an estimated average of 2.3 million ROM tons per year. At full production, the plant will be scheduled for operation with 250 processing days planned each year, which represents an average 5-day per week work schedule.

Over the span of the life of mine production, the coal preparation plant will be required to process an average of 2.3 million tons-per-year. The design capacity allows for adjustment to operating and maintenance schedules to efficiently meet annual processing requirements.

Refuse Disposal

Coarse and intermediate refuse will exit the plant on a refuse collecting conveyor belt. The combined coarse refuse will be placed in permitted refuse-disposal facilities; the location of the refuse disposal area(s) will be determined in the future by property control.

The mine plan indicates a resource potential of approximately 43.7 million recoverable ROM tons for the life of the mine, and 33.5 million clean tons for the life of Buck Creek No.2. This production volume results in generation of 10.2 million tons of refuse, or approximately 8.2 million cubic yards. This will require an estimated 90 acres of surface property.

Project Infrastructure

Access to the Buck Creek No.2 Mine will be via a box cut and driveable ramp for the coal conveyor belt and transport of supplies and equipment. The main conveyor will discharge raw coal into a stockpile to be conveyed into the coal preparation plant. Supplies and materials will be transferred from the box cut or supply yard area via rubber-tired supply cars to the operating areas of the mine. Other equipment and facilities to support the mine operations include the mine fan, office, bathhouse, warehouse, shop, bulk supplies storage (fuel, oil, rockdust, and roof bolts), fresh water tank with pumping system, sewage treatment facilities, and bulk rockdust bin.

Raw coal from the mine will be recovered through a reclaim tunnel belt, feeding the scalping screen, which will in turn feed the rotary breaker and the plant feed conveyor. After processing, clean coal is sampled and delivered to open storage then loaded into trucks for transport to the Green River barge load-out facility. Plant refuse is conveyed to the refuse disposal areas at the Buck Creek No.2 site.

Power

Buck Creek No.2 will construct or upgrade between 2 and 3 miles of 69-kilovolt (kV) transmission line from the community of Rumsey to serve the mine and plant; actual distance will depend on the mine site selected. In addition, a main surface substation to

supply the mine, plant, and surface facilities, along with internal distribution lines, will be needed. The economic model includes \$1.8 million for surface electrical system construction.

Water

Fresh water for the mine and plant will be pumped from the Green River to a freshwater supply pond or tank adjacent to the surface facilities. A water withdrawal permit must be secured before the pump can be installed; these permits are readily available within six months after application. In addition to the water needed to run the mine and plant on a daily basis, fresh water will also be stored in a tank for firefighting. Potable water for the bath house and offices will come from a public water supply, which is readily available.

Access to Local Coal Markets

The results of the Scoping Study for the Buck Creek No.2 Mine is based on the Project being developed as a standalone mine with its own CHPP and Green River barge load-out facility.

Coal Transportation

Clean coal will exit the CHPP on a clean coal-collecting conveyor belt, equipped with a scale to record plant clean coal production and a sample cutter to monitor coal quality. Ground storage at a radial stacking conveyor will provide live stockpile storage. The capacity can be increased by pushing and rehandling the coal on the clean coal stacking area. Clean marketable coal will be loaded into trucks to be hauled to the proposed location of the Buck Creek barge loading dock facility.

Green River Barge Load-out Facility

The Company holds necessary permits required to construct the barge load-out facility approximately two miles northwest of the Project's plant site. The Green River barge load-out facility will consist of a ground-based tower connected to a floating work barge by a 170-foot long conveyor belt. The tower will stand approximately 45 feet (14 meters) above the river and 90 feet (27 meters) away from the river bank with a 30-foot (9 meter) wide by 120-foot (37 meters) long work barge anchored on piers situated 30 feet (9 meters) from the river bank. The system will have a design capacity of 2,500 tons per hour.

Barge Waterways

The primary market access point for the Project's saleable product is via barge on the Green River. The Green River is part of the Mississippi River System, a 12,350-mile (19,871 km) network of navigable waterways serving much of the Eastern and Midwestern US. On the Mississippi, coal is the largest commodity, by volume, and accounts for over 20 percent of all coal consumed in the US. The Project's permitted barge load-out facility is located at mile marker 62 on the Green River, as measured from the confluence with the Ohio River. The Green River meets the Ohio River at mile marker 784, which is approximately 169 miles (271 km) from the Mississippi River and 145 miles (233 km) from the Tennessee and Cumberland Rivers. The width of the Green River enables a two-by-two arrangement (two-barges wide and two-barges long).

Permitting and Socioeconomic Position

Permitting

The Project requires multiple permits for mining, coal preparation, support facilities, refuse storage, haul roads, transportation, loading, and other incidental activities necessary to support mining. Due to the preliminary nature of the development of the Buck Creek No.2 Mine, no permits have been obtained to date. Paringa should be able to secure new permits as contemplated by the development of the Buck Creek No.2 Mine to maintain mining and preparation operations within the context of the regulations. Paringa believes that it should be able to secure the key permits required to begin construction of the Project within 12 to 14 months of starting the permitting process.

Population Centres

The Buck Creek Project is located in the western section of Kentucky approximately 30 miles south of Henderson, Kentucky (population 28,757) and between the towns of Calhoun (population 763) to the east and Hanson (population 742) to the west. The property is located within a 45-minute drive of Evansville, Indiana (metro population of 358,676) and within a two-hour drive of Louisville, Kentucky (metro population of 569,135) and Nashville, Tennessee (metro population of 1,589,934). Given the importance of coal mining to the region, community attitudes towards new underground coal mine developments are positive.

Study Consultants

The Scoping Study was managed by Cardno with utilisation of local industry consultants, with expertise in coal mine development in the Illinois Basin region, to analyse the various components of the Scoping Study, including (but not limited to) the design of box cut access, design of the mine, design of processing facilities, and the preparation of coal marketing studies. Cardno has over 39 years of expertise in mining engineering, mine reserve evaluation, feasibility studies, and due diligence services for mining and resource projects across the globe, and is a subsidiary of Cardno Limited, an ASX-200 professional infrastructure and mining services company.

Consultant	Activity
Cardno, Inc.	Geology, Mineral Resource and Reserve Estimation, and Mine Planning, Site Planning, and Scoping Study Management
Strategic Energy Resolutions, Inc.	Market Assessment and Preliminary Marketing Plan

Hanou Energy Consulting, LLC	Market Price Forecasts
Appalachian Mining & Engineering, Inc.	Ground Control Design
General Mine Contracting, Inc.	Preliminary Preparation Plant Design and Cost Estimation
Powell Companies, Inc.	Preliminary Preparation Plant Design
William E. Groves Construction, Inc.	Electrical System Preliminary Design and Cost Estimation
Robertson Process LLC	Electrical System Preliminary Design and Cost Estimation
T&D Solutions	Electrical System Preliminary Design and Cost Estimation
Pittman Mine Service, LLC	Preliminary Design and Cost Estimates for Slope and Shafts
Associated Engineers, Inc.	Permitting Information and Surveying
Magnum Drilling Services, Inc.	Exploration Core Drilling Services
Hawkey & Kline Coring & Drilling, Inc.	Exploration Core Drilling Services
3D Dycus Diamond Drilling, LLC	Exploration Core Drilling Services
Standard Laboratories, Inc.	Analytical Laboratory Testing Services
SGS North America, Inc.	Analytical Laboratory Testing Services
Precision Testing Laboratory, Inc.	Analytical Laboratory Testing Services

ASX Additional Information

The Production Target contained in this announcement, and the forecast financial information derived from the Production Target contained in this announcement, are based on the material assumptions contained within this announcement which are summarised below:

Maximum Accuracy Variation	+/- 30%
Minimum LOM	20 years
Mining Method	Underground / room-and-pillar
Modelled Seam Thickness	3.7 feet
Average Mining Height	4.5 feet
Total Work Days per Year	250
Productivity Rate (feet advance per unit shift at steady state production)	560 feet
Annual ROM Coal Production (tons)	2.3 Mtpa
Capacity CHPP	400 raw tons per hour
Yield CHPP	76.7%
Processing Method	Dense Media 2-stage
Annual Clean Coal Production (tons)	1.8 Mtpa
Average Direct Mining Costs (Steady State)	US\$20.83 per ton

Average CHPP costs (Steady State)	US\$3.28 per ton
Average Other (Steady State)	US\$8.83 per ton
Total Average Operating Costs (Steady State)	US\$32.94 per ton
Total Initial Capital Costs	US\$44 million
Mine Royalty (4% of Gross Sales Value less taxes and fees)	4.0%
Leased Equipment - Operating Lease	Costs included in Average Direct Mining Costs
Leased Equipment - Interest Rate	8%
Leased Equipment - Term	5 to 7 years
Leased Equipment - Original Cost	US\$28.9 million
Leased Equipment - Residual Value	20%
Kentucky State Severance Taxes	4.5%
Coal Specification	11,200 Btu/lb
Coal Sales Price (2018)	US\$ 44.50 /t
Coal Sales Price (2019)	US\$ 45.50 /t
Coal Sales Price (2020)	US\$ 46.30 /t
Coal Sales Price (2025)	US\$ 49.64 /t
Coal Sales Price (2030)	US\$ 52.06 /t

Coal Sales Price (2035)	US\$ 54.60 /t
Corporate Tax Rate	25%
Discount Rate (8%, Real)	8%

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 Statement

The information in this announcement that relates 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. Mr. Suehs consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to 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. Messrs. Douthat and Enigk consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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