Acquisition of Export Quality Thermal and Coking Coal Projects

October 2013

ABN 155 933 010

Acquisition Overview

Paringa is finalising the acquisition of 100% of Hartshorne Coal Mining Ltd ("Hartshorne"), a US based coal development company, via the issue of 61 million shares:

Pro-Forma Capital Structure

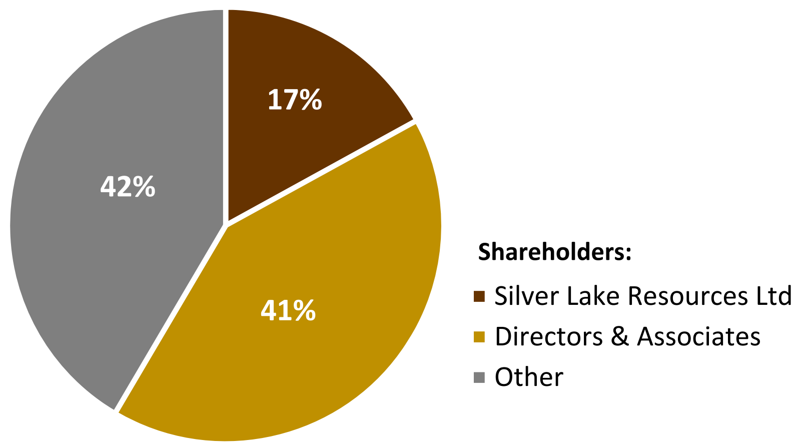
Current Paringa Shares (Escrowed)	61,083,334 (22,191,667)
Shares Issued for Acquisition of Hartshorne (Escrowed)	61,000,000 (61,000,000)
Shares on Issue Post Transaction (Escrowed)	**122,083,334** (83,191,667)
Current Paringa Options (exercise price at 30 cents)	2,400,000
Options Proposed (Issued to US based team with exercise price at 20 cents)	1,500,000
Performance Share Rights Proposed (Issued to US based team)	3,950,000

Pro-Forma Valuation

Implied Market Capitalisation (at 15 Oct 13)	$26.9 million
Cash (Post -Transaction)	~$7.5 million
Enterprise Value	$19.4 million

Indicative Timetable

Announcement of Acquisition	3 September 2013
Notice of Meeting	16 September 2013
Shareholder Meeting	16 October 2013
Proposed Transaction Completion	16 October 2013



Acquisition Rationale

Hartshorne provides the opportunity to acquire high growth assets with a strong corporate and management team that will complement Paringa's resources and development focused Board

Large Scale Illinois Basin Development (100%)	☑ **Buck Creek Project:** 100% ownership of the last remaining, large scale contiguous block of Western Kentucky No 9 coal seam; one of the most prolific and high growth coal seams in the USA (2nd highest bituminous production rate) ☑ Buck Creek is a permitted, low cost thermal coal project in the key growing coal basin of the USA; the Illinois Basin ☑ The Western Kentucky No.9 coal seam of the Illinois Basin has seen double digit growth in demand from both domestic and international utilities ☑ Adjacent to some of the largest, most productive and highest margin coal mines in the USA
Premium Coking Coal Exploration (100%)	☑ **Arkoma Coking Coal Project:** Secured leases of over 15,000 acres within the untapped premium coking coal Arkoma Basin ☑ First mover advantage with significant potential to delineate a large scale coking coal deposit and to further expand with additional leases in the region ☑ Preliminary coal quality testing confirms premium, low volatile coking coal with volatiles <18%, ash <7% and FSI of 8.5
Established Infrastructure	☑ Buck Creek project is located adjacent to the Green River allowing for low cost delivery into the domestic market and access to underutilised export terminals at the Gulf of Mexico ☑ Arkoma Project situated proximal to the Arkansas river which allows year round barging to the underutilised coal export terminals at the Gulf of Mexico ☑ The projects are also adjacent to key utilities for the development of coal mines including labour force, power and water infrastructure
Strong Board and Management	☑ Board with track record in creating significant value through successful delivery of resources projects ☑ Strong in-country team, CEO and COO with large cap coal mining experience in the USA (eg Alpha Natural Resources, Peabody) covering the entire coal development cycle

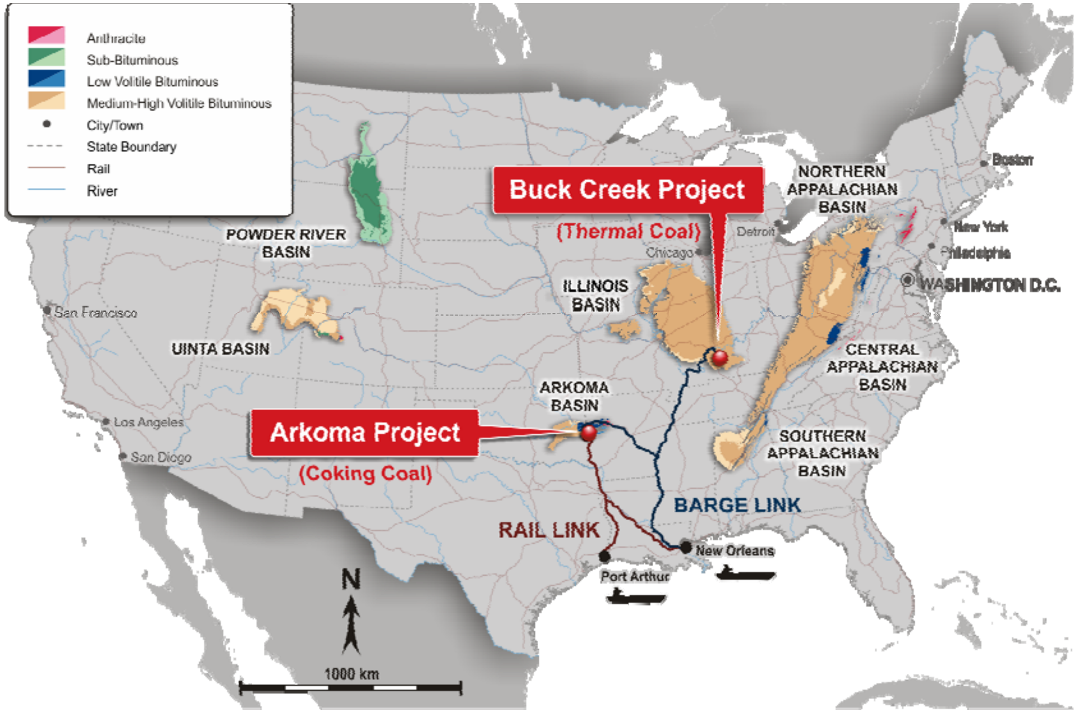
The Right Team

An experienced Board and Executive team with large cap coal mining experience in the USA covering the entire coal development cycle

David Griffiths *Chairman*	▪ 35 years resource industry experience with senior roles at WMC and Worsley Alumina, prior to establishing communications consultancy in Perth ▪ Co-founder and Non-executive director of Silver Lake Resources Limited
David Chapman *Managing Director*	▪ 30 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, covering operations, exploration project management and construction, business development and project financing ▪ Co-founder of Paringa Resources Limited
Ian Middlemas *Non-Executive Director*	▪ Highly respected resource executive with extensive finance, commercial and capital markets experience ▪ Current Chairman of Papillon Resources Ltd, Equatorial Resources Limited, Prairie Downs Metals Ltd, Berkeley Resources Limited & former Chairman of Coalspur Mines Limited and Mantra Resources Limited
Anastasios Arima *Executive Director*	▪ Resource company executive with experience in development and funding of resource companies ▪ Founder & former Executive Director of Coalspur Mines Ltd having been instrumental in developing Coalspur from a A$3 million market capitalisation to a A$1.2 billion market capitalisation company upon his departure
David Gay *CEO - USA*	▪ Mining Engineer with over 30 years of experience in developing coal resources projects covering the entire coal development chain ▪ Business Unit President at Pittston Coal Group (20 years experience) ▪ Vice President Mergers and Acquisitions and Business Development at Alpha Natural Resources, one of the USA's largest coal producers
Matt Haaga *COO - USA*	▪ Mining Engineer with over 35 years of experience in developing coal resources throughout the USA ▪ Business Unit President and Vice President Engineering and Land at Peabody Energy (27 years experience), the world's largest private sector coal company
Mike Curry *Manager - USA*	▪ Mining Engineer with Consol Energy and Alpha Natural Resources' Mergers and Acquisitions team ▪ Bachelor of Science from West Virginia University

Why US Coal?

The US coal industry is currently in transition due to many factors including domestic demand dynamics, providing opportunities to acquire strategic resources within growth areas such as the Illinois Basin



- Key advantages of the US coal industry:
  - ✓ **Low cost operating environment**
  - ✓ **Lower capital development costs**
  - ✓ **Established barge networks for certain coal basins (eg Illinois Basin) providing access to domestic and seaborne coal markets**
  - ✓ **Significant power, water, road and service infrastructure**
  - ✓ **Established coal regions with high availability of skilled workforce**
  - ✓ **Attractive mining jurisdiction**

Hartshorne has focused on strategic coal resources in the high quality, high growth Illinois Basin and the untapped premium coking coal Arkoma Basin

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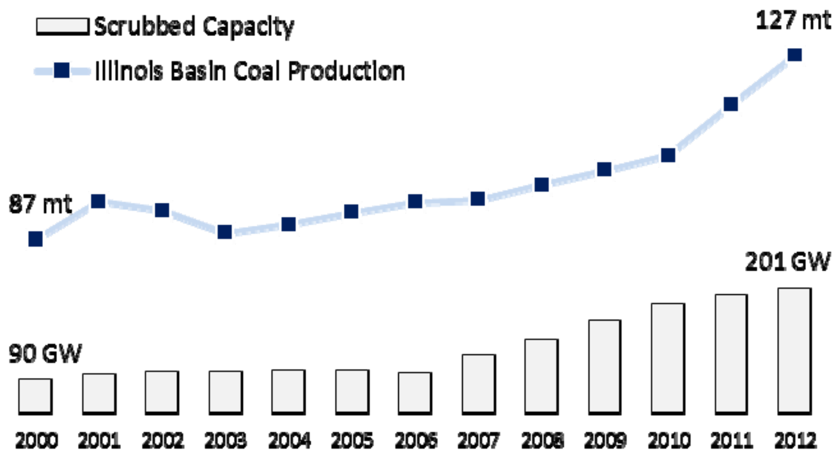
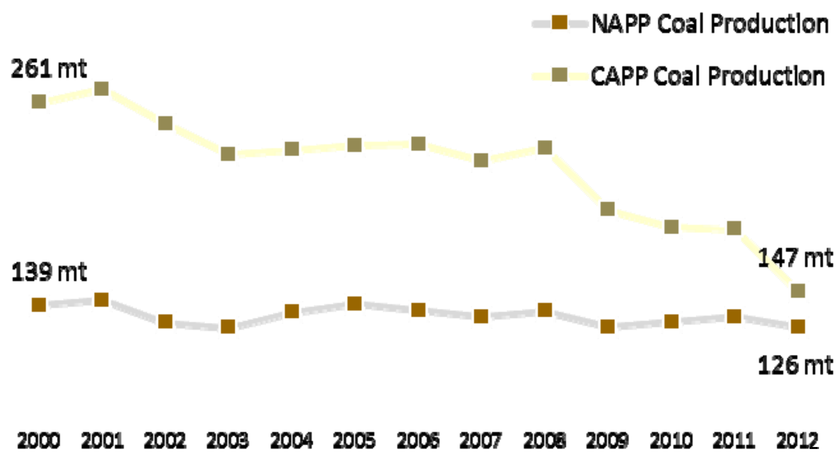
A Growth Story: Illinois Basin Demand

Illinois Basin Production Growth



Source: EIA

Central & Northern Appalachian Declines



Source: EIA

- **Thermal Coal is about selling heat value on a delivered basis to coal fired power plants - the Illinois Basin's rapid rise is due to:**
  - ✓ The high calorific value of the coal (6,500+ kcal/kg, g.a.r.) which is 40% higher than the Powder River Basin
  - ✓ The widespread and growing installation of scrubbers (removes SO_2) on US coal fired power plants (~67% fitted in USA and growing) removing sulphur as an issue
  - ✓ Superior geologic and mining conditions with relatively high productivity rates and low costs resulting in low fuel costs for power generators
  - ✓ Infrastructure advantaged with excellent access to the key waterways of the USA providing for low cost barging to established domestic and export utilities
  - ✓ Significantly lower environmental issues when compared to the traditional basins in the USA due to the benign topography of the region

Illinois Basin Coal Making Headlines

Chicago Tribune BUSINESS

Cheap Illinois coal slows U.S. switch to cleaner gas *(20 Sep 13)*

"…The shift toward Illinois coal has been underway for several years, and is increasingly evident among producers like Peabody Energy Corp. Its Illinois Basin output rose 11 percent last year even, while CAPP output pulled down total production. Illinois coal has become so popular that CME Group is considering launching an **Illinois Basin** coal futures contract."

http://articles.chicagotribune.com/2013-09-20/business/chi-cheap-coal-slows-gas-switch-20130920_1_central-appalachian-illinois-basin-illinois-coal

DailyFinance

Will This Contrarian Coal Stock Finally Crack? *(30 Sep 13)*

"….By getting out of the CAPP coal business and focusing its efforts in the **Illinois Basin**, it is setting itself up to have a better chance to succeed. The long-term outlook for the coal industry does not appear to be the most promising, but if one company is going to be successful in this gloomy market, Alliance is proving to be it.

http://www.dailyfinance.com/2013/09/30/will-this-contrarian-coal-stock-finally-crack/

PLATTS McGRAW HILL FINANCIAL

Southern Company sees decline in Central Appalachian coal buying *(24 Sep 13)*

"….In 2007, Southern Company took 78 million st of coal, when the company's fuel-buying practices meant roughly a third of coal supplies came from each basin, which had been the utility's longtime practice until increasing its [**Illinois Basin**] purchases.

Since Southern Company has largely scrubbed its power plants of emissions, and is able to take more of the higher-sulfur, less-expensive [**Illinois Basin**] coal, it has saved hundreds of millions of dollars."

http://www.platts.com/latest-news/coal/pittsburgh/southern-company-sees-decline-in-central-appalachian-21600302

DailyFinance

This Coal Miner Owns the Wrong Coal *(18 Sep 13)*

"…..the CEO of rail company CSX noted that in 2010, "about 12% of our coal originations on CSX were coming out of the **Illinois Basin** and this most recent quarter about 28%. And most of that coal has displaced Central Appalachian coal, which is down fairly significantly."

http://www.dailyfinance.com/2013/09/18/this-coal-miner-owns-the-wrong-coal/

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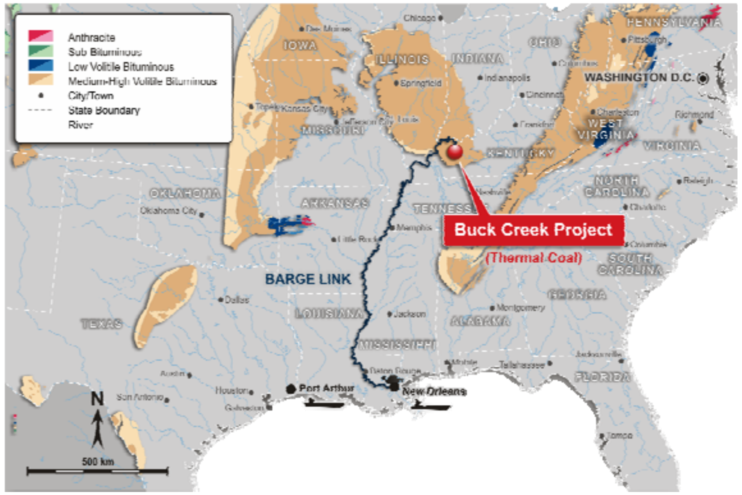
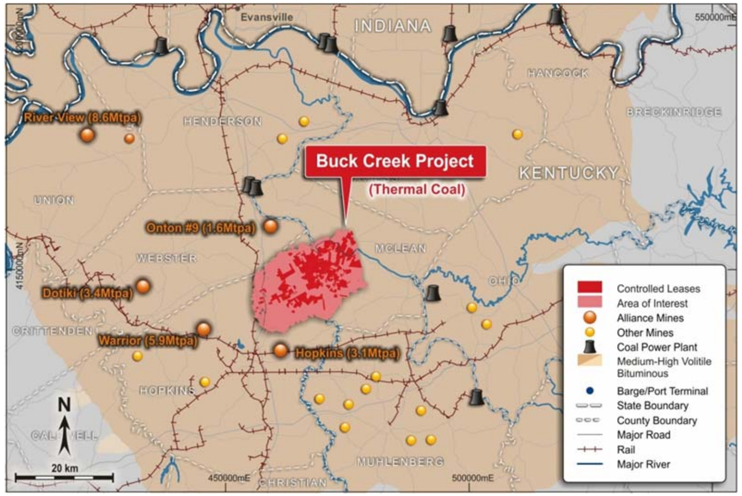
Buck Creek Coal Project





Established, High Capacity Coal Basin

Permitting	• Permitted for Construction - Surface Mining Control and Reclamation Act (SMCRA) & US Corp of Engineers 404 Permitting Completed
Infrastructure	• Excellent existing Domestic & Export Infrastructure • Access to low cost Barging & Gulf of Mexico Ports
Product	• High Quality 6,500kcal/kg, West Kentucky No. 9 Seam
Size	• Last remaining block of West Kentucky No. 9 not controlled by a major • 25,000+ Net Acres Controlled
Location	• Illinois Coal Basin, Western Kentucky (135+mtpa production) • Very well established coal region

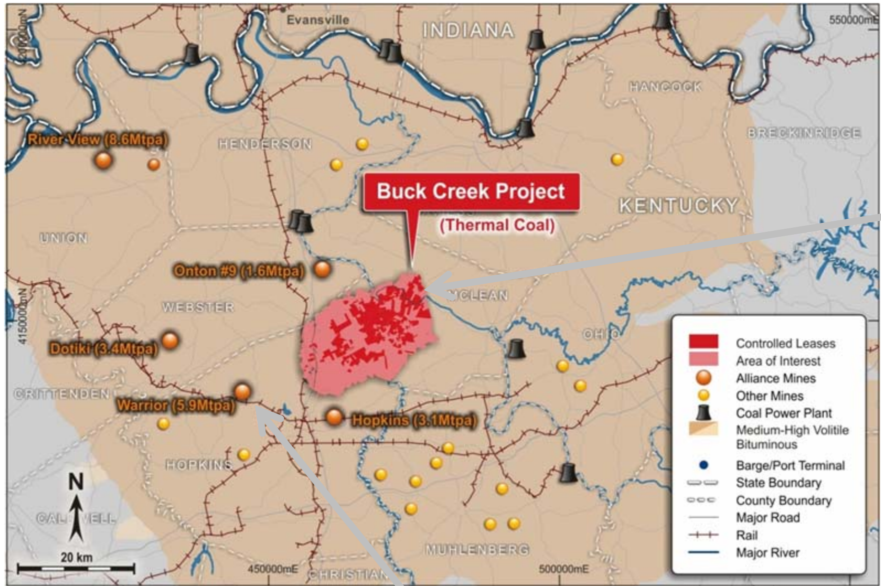
High Margin, Low Capital Cost Region

Margins	• Highest Operating Margins in the USA • Excellent geological conditions leading to high productivities
Barge Costs	• Located on the Green River • ~½ the cost of rail transportation
Capital Costs	• Lowest global capital costs/tonne

Growing Coal Market Potential

Domestic	• Very well established domestic coal markets • Growing due to the retrofit of scrubbers on power plants
Export	• High growth potential with exports going to Europe, South America and Asia • Very low cost on the global cash cost curve

Buck Creek: Established Low Cost Coal Region



Project Location, River Access and Typical Topography

Gentle topography, minimal site costs & environmental issues

Calhoun, closest town to Project

Green River, with typical lock & dam for barges

Approx. location of Buck Creek permitted barge dock

Alliance Resource Partner's Low Cost, High Margin Mines

Coal handling and preparation plant

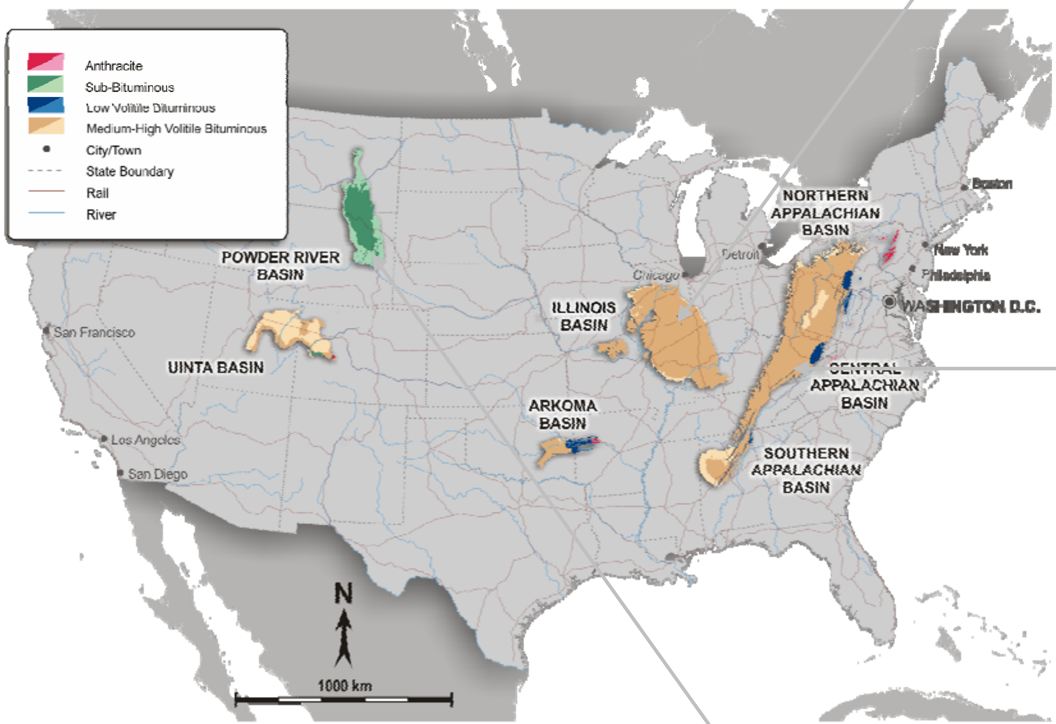
Clean coal stockpiles

Typical Modern US/ILB Power Station (Scrubbed)

Coal received by barge & rail

Cooling towers (white vapour is steam)

Buck Creek: High Margin / Low Cost Illinois Basin Supply



Basin	Company	Production[1]	Margin[1] US$
Illinois Basin	Alliance Resource Partners, L.P.	28mtpa	21.69/t
	Peabody Energy	27mtpa	16.54/t
	Hallador Energy Company	3mtpa	15.36/t
NAPP & CAPP Basin	CONSOL Energy	49mtpa	14.99/t
	Alpha Natural Resources	62mtpa	5.01/t
	ArchCoal	19mtpa	8.48/t
Powder River Basin	Peabody Energy	164mtpa	4.12/t
	ArchCoal	104mtpa	2.09/t
	Cloud Peak Energy	93mtpa	2.24/t
	Alpha Natural Resources	47mtpa	2.29/t

Notes 1) Source: Company reports

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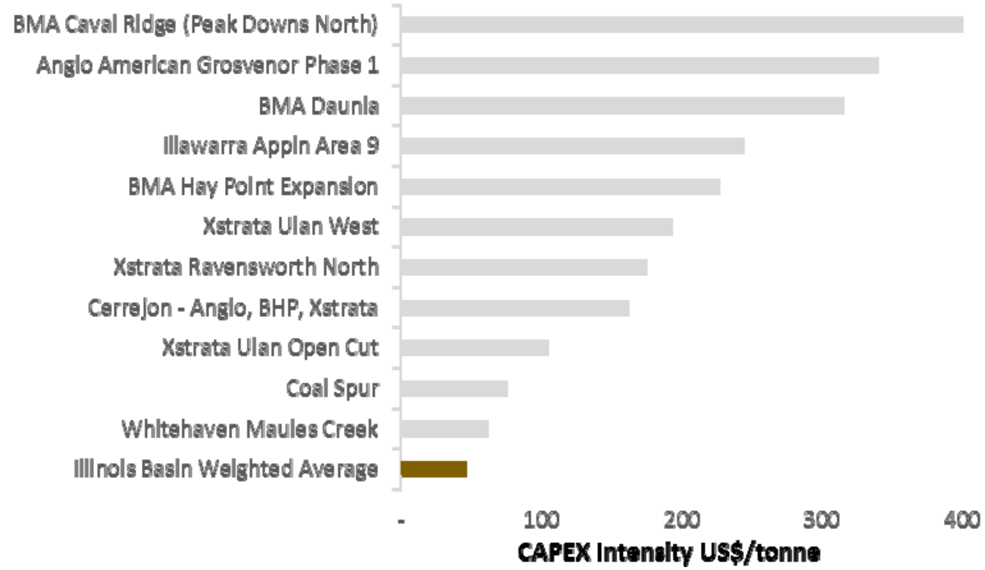
Buck Creek: Low Mine Development Capital Costs

Coal Mine[1]	Production	Basin[1]	CAPEX[2] Intensity
Riverview (CM)	8.5mtpa	ILB	US$29/t
Bear Run (DL)	8.0mtpa	ILB	US$50/t
Tunnel Ridge (LW)	6.8mtpa	NAPP	US$41/t
White Oak #1 (LW)	6.5mtpa	ILB	US$62/t
Gibson South (CM)	5.2mtpa	ILB	US$38/t
Pennyrile (CM)	2.0mtpa	ILB	US$34/t
Average (weighted)			**US$43/t**

Capital Intensity Comparisons



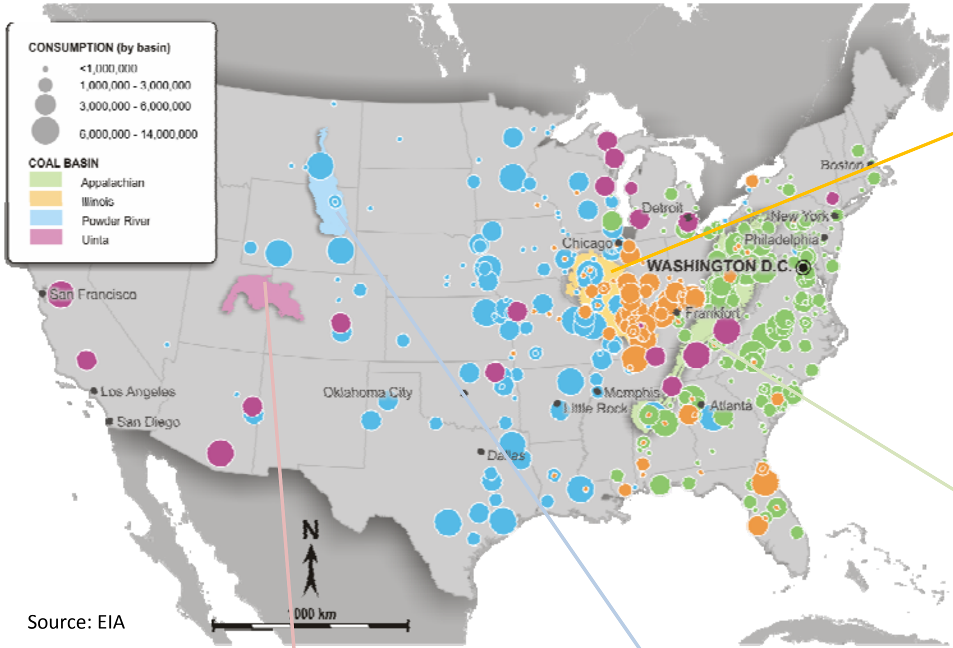
US$43/ton Mine Capital Development Costs are some of the lowest Capital Costs globally

Notes 1) CM- Underground Continuous Miner, LW – Underground Longwall, DL – Open Cut Dragline, ILB – Illinois Coal Basin, NAPP – Northern Appalachian Coal Basin

2) CAPEX includes all mining equipment to full production

Buck Creek: Illinois Basin Changing Coal Market Dynamics

US Coal Fired Power Plant Consumption by Thermal Coal Basin



Source: EIA

Illinois Basin (ILB)

The ILB is the only thermal coal basin that has seen continued growth and that is forecast to see significant future growth.

Mining	Underground & Open Cut
Mining Costs	Low
Product	Bituminous coal (>11,000Btu/lb)
Infrastructure	Low - Excellent (dependent on region) (Buck Creek Project is located in the West Kentucky section of the ILB which has excellent access to waterways and rail networks)

Uinta Basin

The Uinta basin is a high quality region but is significantly constrained by infrastructure costs

Mining	Underground
Mining Costs	Low
Product	Bituminous coal (>11,000Btu/lb)
Infrastructure	Low (Very high cost to eastern coal markets)

Powder River Basin (PRB)

The PRB is currently the largest producing region of the USA but is typically a low quality thermal coal

Mining	Open Cut
Mining Costs	Very low
Product	Sub-bituminous coal (<8,800Btu/lb)
Infrastructure	Low (Very high cost to eastern coal markets)

Appalachian Basin (NAPP, CAPP & SAPP)

Traditionally split into the Northern, Central and Southern regions all regions are undergoing significant declines due to reserve depletion

Mining	Open Cut, Contour & Underground
Mining Costs	Mid - High
Product	Bituminous coal (>12,000Btu/lb)
Infrastructure	Low – Mid (dependant on region)

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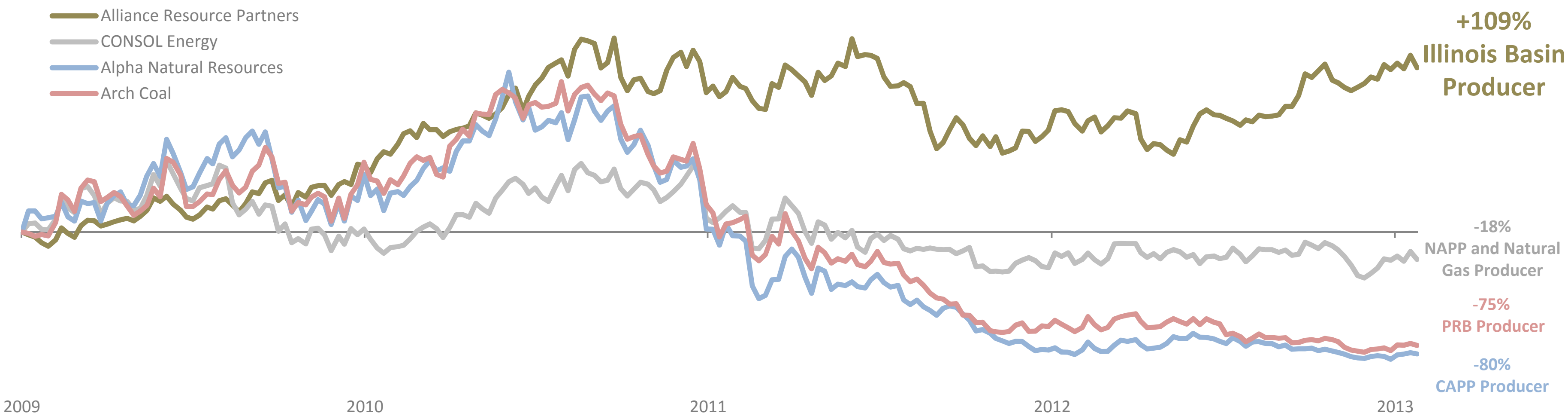
Buck Creek: Illinois Basin Capital Markets Performance

Share Price Performance of selected US Coal Companies ***(Rebased from Aug 2009)***



Source: Google Finance

- **Illinois Basin coal equities have significantly outperformed other coal players in US equity markets**
  - Alliance Resource Partners LP (NASDAQ: ARLP; Mkt Cap US$2.9 Bn) is a 100% producer of thermal coal with its operations predominantly in the ILB
  - CONSOL Energy Inc. (NYSE: CNX) is a producer of coal and natural gas with its coal operations predominantly in longwall mineable thermal coal in NAPP
  - Alpha Natural Resources LP (NYSE: ANR) is the world’s third largest exporter of metallurgical coal and operates predominantly in CAPP
  - Arch Coal Inc (NYSE: ACI) operates predominantly within the PRB with some coking and thermal production in NAPP and CAPP

Alliance currently has some of the highest margins of any coal company in the USA with a large portion of its coal operations being adjacent to Hartshorne’s Buck Creek Coal Project

US Coal - Back in the Black

Coal fired power demand has risen considerably over the 2013 period, regaining its share in the power sector to 40%+

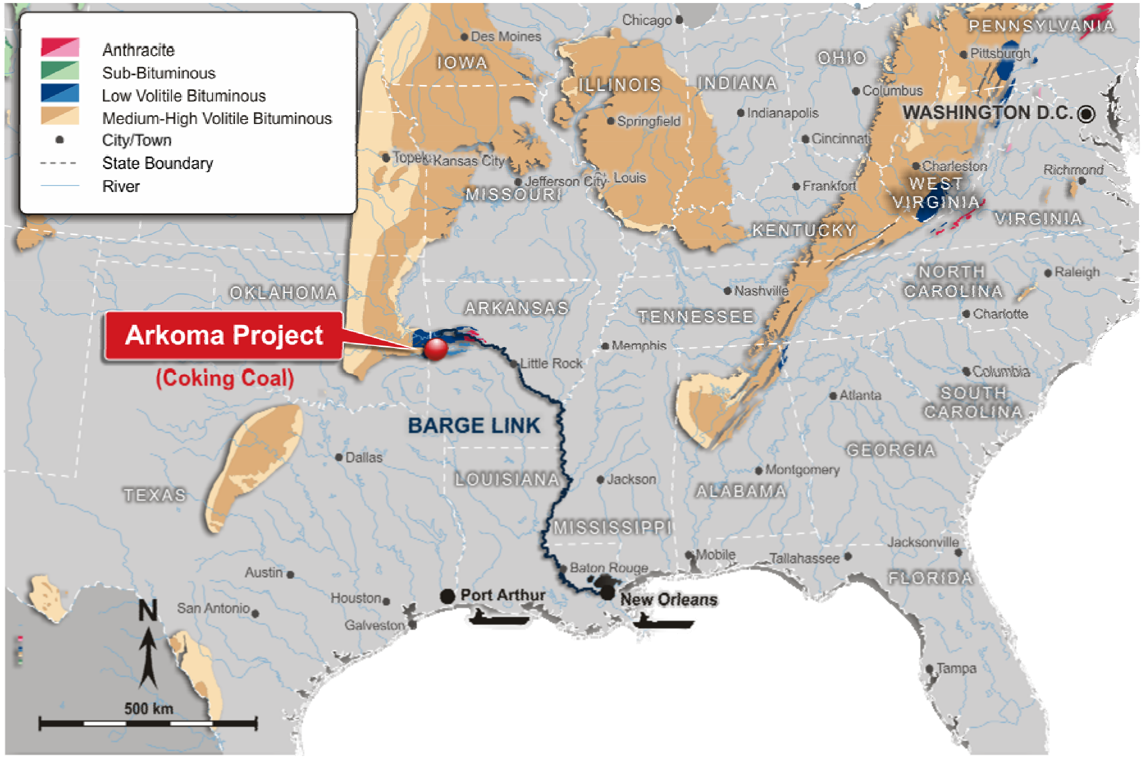
Key Power Statistics	2012	2013f	Change
Power Generation			
Coal Fired Power Output	1.51TWh	1.63TWh	▲ **8%**
Av. Fuel Cost of Coal	*$2.40/mmbtu*	*$2.37/mmbtu*	▼ ***1%***
Natural Gas Fired Power Output	1.23TWh	1.13TWh	▼ **8%**
Av. Fuel Cost of Natural Gas	*$3.39/mmbtu*	*$4.44/mmbtu*	▲ ***31%***
Coal Demand/Supply			
Coal Consumption	891mt	952mt	▲ **7%**
Domestic Production	1,016mt	1,016mt	**-**
Net Exports	116mt	104mt	▼ **10%**
End-Year Coal Stockpiles	185mt	166mt	▼ **10%**

Source: EIA

- Power sector demand for coal has increased by **8%** regaining the market share lost in 2012
- Coal fuel costs remained stable whilst natural gas costs increased significantly by over **31%**
- Coal consumption as a result rose sharply by **7%**
- Stockpiles have decreased significantly by over **10%**

Arkoma: An Untapped Coking Coal Basin

Arkoma Coking Coal Location and Infrastructure Map



- The Arkoma Coking Coal project is located in Sebastian County, Arkansas
- Covering 14,000 acres within an Area of Interest of approximately 25,000 acres
- Competitive infrastructure providing access to underutilised ports in the Gulf of Mexico
  - Compares favourably to other low volatile bituminous coking coal regions in the USA where East Coast coal terminals are operating at full capacity
- Primary target seam is the Lower Hartshorne coal seam which is a known low volatile coking coal seam
- Hartshorne has undertaken some limited exploration within the basin which resulted in the confirmation of **low volatile coking coal** ranking with some of the premium coals globally

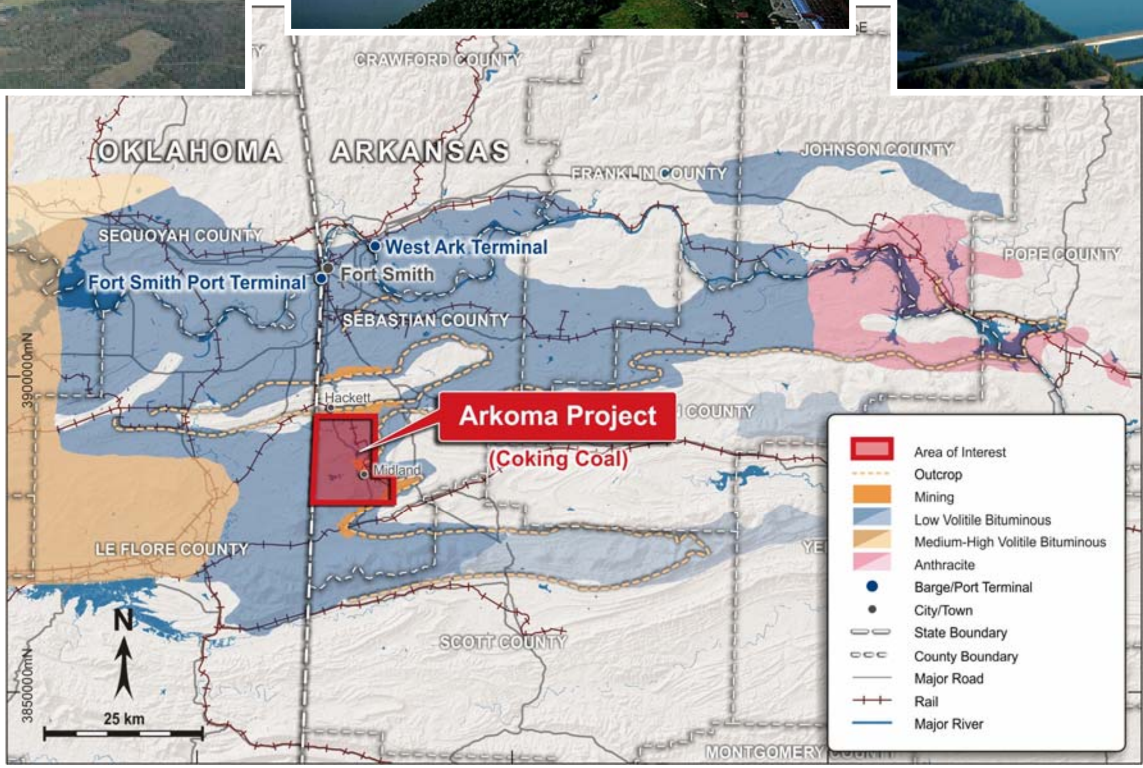
Excellent infrastructure advantage with low cost barge access to underutilised coal export terminals in the Gulf of Mexico

Arkoma: Coal Development & Infrastructure Ready

Project Area (Easily accessible)

Fort Smith Town (Established workforce)

Arkansas River (Barge Infrastructure on left)



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Key Short Term Milestones

✓	Sign definitive agreement for the acquisition of Hartshorne	**Completed**
✓	Shareholder approval and completion of Hartshorne acquisition	**16 October 2013**
✓	Complete JORC Code compliant Resource estimation for Buck Creek Project	**4th Qtr 2013**
✓	Commence development drilling program at Buck Creek Project	**4th Qtr 2013**
✓	Commence Scoping Study on Buck Creek Project	**4th Qtr 2013**
✓	Results of Buck Creek Scoping Study	**1st Qtr 2014**
✓	Commence exploration program at Arkoma Coking Project	**1st Half 2014**
✓	Commence Pre-Feasibility Study on Buck Creek Project	**1st Half 2014**

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Competent Persons Statement

The information in this presentation that relates to Exploration Results is extracted from Paringa's ASX announcement dated 3 September 2013 entitled 'Paringa Acquires Export Quality Thermal and Coking Coal Projects in the USA' which is available to view on the Company's website at www.paringaresources.com.au. The information in the original ASX announcement that related to Exploration Results was based on information compiled 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 MM&A. 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". Paringa confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement. Paringa confirms that the form and context in which the Competent Person's findings are presented in this presentation have not been materially modified from the original ASX announcement.