ASX Announcement

JUNE 2014 QUARTERLY REPORT

Paringa Resources Limited ("**Paringa**" or "**Company**") (**ASX:PNL**) is pleased to present its quarterly report for the period ending 30 June 2014. Highlights during and post the quarter include:

Buck Creek Project

- Granted a Surface Mine Control and Reclamation Act ("SMCRA") mine permit for the construction of mine facilities, which, together with the previously granted US Army Corps of Engineers Section 404 permit, completes the long lead-time permits required to construct and operate the Buck Creek Project;
- Appointed Mr James Plaisted as Vice President Coal Sales and Marketing, who was the former General Manager of Alliance Coal, LLC, a subsidiary of Alliance Resource Partners, LP ("**Alliance**"), and was instrumental in building Alliance into a 39Mtpa coal producer;
- Appointed Mr Rick Kim as General Manager of the Buck Creek Project. Mr Kim is an experienced coal operator having managed mines for Arch Coal Inc. and Massey Energy Co. and will oversee the PFS;
- Commenced marketing strategy with the expanding domestic scrubbed coal-fired power market in preparation of Paringa potentially entering into formal coal sales contracts in the lead-up to discussions with potential financiers and start of mine construction in the second half of 2015; and
- Commenced the Pre-Feasibility Study ("**PFS**") for the Buck Creek Project to build on the strong project fundamentals, low development cost and existing infrastructure advantages highlighted in the recently completed Scoping Study.

Corporate

- Appointed Mr Todd Hannigan as Director of Paringa and Mr Tom Todd as his alternate Director. Messrs Hannigan and Todd were formerly the CEO and CFO respectively of Aston Resources Ltd ("**Aston Resources**") and were instrumental in developing Aston Resources into one of the largest publicly listed coal companies in Australia;
- Completed a placement of 12.5 million shares to institutional and sophisticated investors in Australia and North America at an issue price of A$0.40 each to raise gross proceeds of A$5.0 million; and
- Following completion of the placement, the Company has cash reserves of approximately A$9.0 million.

Next Steps

- Exploration drilling within the Buck Creek Project to upgrade the maiden coal resource;
- Development drilling to assist with the detailed engineering design of the shaft and slope (i.e. decline) for the PFS;
- Continuing the Company's aggressive leasing program, focusing on the western half of the Area of Interest of the Buck Creek Project;
- Continuing discussions with regional coal-fired power plants as part of its coal marketing strategy; and
- Continuing to rapidly complete remaining technical studies with the aim of commencing mine construction in 2015.

For further information contact:

David Gay
Chief Executive Officer

Nathan Ainsworth
Business Development

BUCK CREEK PROJECT

The Buck Creek Coal Project ("**Buck Creek Project**") is located in the Western Kentucky region of the Illinois Coal Basin which is one of the most prolific coal producing regions in the USA. Paringa controls over 26,000 gross acres (~10,500 ha) of coal leases within an area of interest of approximately 72,000 acres (~28,000 ha).

The Buck Creek Project has a JORC Coal Resource Estimate of 154 million tons (~140 million tonnes) of high quality thermal coal with over 88% in the Measured & Indicated categories. The Buck Creek Project 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 USA coal companies and offers one of the highest quality, highest heating value products in the Illinois Coal Basin. The WK No.9 is now the second largest producer of coal in the US by coal seam.

Buck Creek Project – Coal Resource Estimate (WK No.9 Seam)				
Measured (Mt)	Indicated (Mt)	**Total Measured and Indicated (Mt)**	Inferred (Mt)	**Total (Mt)**
32.1	104.8	**136.9**	17.5	**154.4**

Buck Creek Project – Coal Quality (+4% Eq. Moisture)	
Calorific Value	**6,564 kcal/kg (11,814 Btu/lb)**
Ash	**8.7%**
Yield	**92.3%**

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

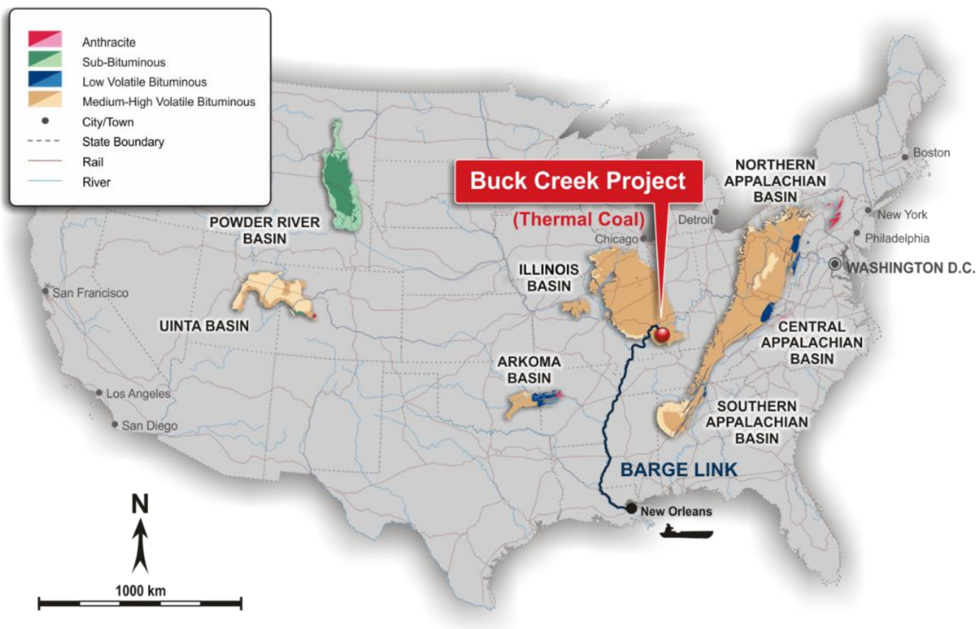

Figure 1: Location of the Buck Creek Project

Permitting

The permitting process for an underground coal mine in Kentucky requires the successful completion of major long lead-time mine permits consisting of the SMCRA and Section 404 Permits.

The original owners of the Buck Creek Project began the permitting process in 2011 to obtain the SMCRA and Section 404 Permits which was later completed by Paringa's US management. As the original SMCRA permit was granted in the name of the then owners of the Project, the permit needed to be transferred to Paringa. This has now been completed.

As the development of the Buck Creek Project progresses, the Company will submit the remaining routine permits (including air permit, MSHA permit and state mine licence) to be approved prior to the construction of the mine by late-2015 and production by mid-2017.

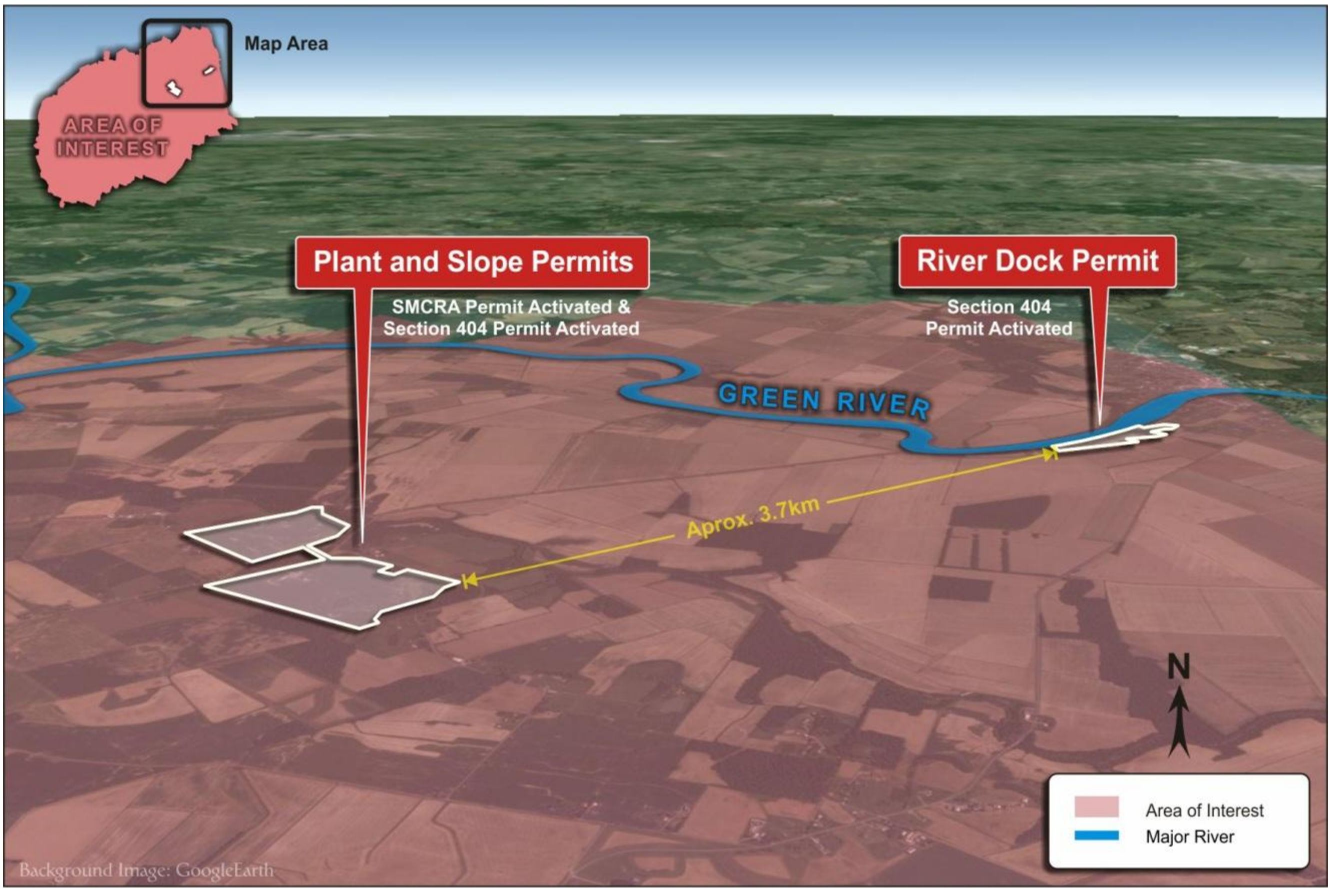

Figure 1: Satellite View of Key Buck Creek Project Mine Permits (SMCRA & Section 404)

Pre-Feasibility Study

Following the successful completion of the Scoping Study for the Buck Creek Project in March 2014, Paringa commenced a Pre-Feasibility Study ("**PFS**") for the Buck Creek Project during the quarter with aim to begin mine construction in 2015. The Company has appointed Mr Rick Kim as General Manager to manage the PFS. Mr Kim is an experienced coal operator having managed mines for Arch Coal Inc and Massey Energy and complements as very strong credentialed and experienced US management.

Paringa has re-appointed Cardno MM&A ("**Cardno MM&A**") as lead consulting engineer for the PFS. Cardno MM&A has over 38 years of expertise in mining engineering, mine reserve evaluation, feasibility studies and due diligence services for mining and resource projects globally, and is a subsidiary of Cardno Limited, an ASX-200 professional infrastructure and mining services company.

Cardno MM&A has been directly involved in numerous projects specifically related to coal mining operations, and provides mining engineering services to underground mining operations incorporating the latest technologies throughout the world. Its engineers have extensive coal mining industry backgrounds including responsibility in engineering, operations management, and executive management.

Cardno MM&A will utilise local industry consultants with expertise in coal mine development in the Illinois Basin region to facilitate development of the various components of the PFS, including (but not limited to) the design of slope and shafts, design of mine, design of processing facilities, and the preparation of coal marketing studies.

In conjunction with the PFS, the Company will look to initiate discussions with regional coal power plants for the future sale of Buck Creek coal and potential financiers for the development of the Buck Creek Project.

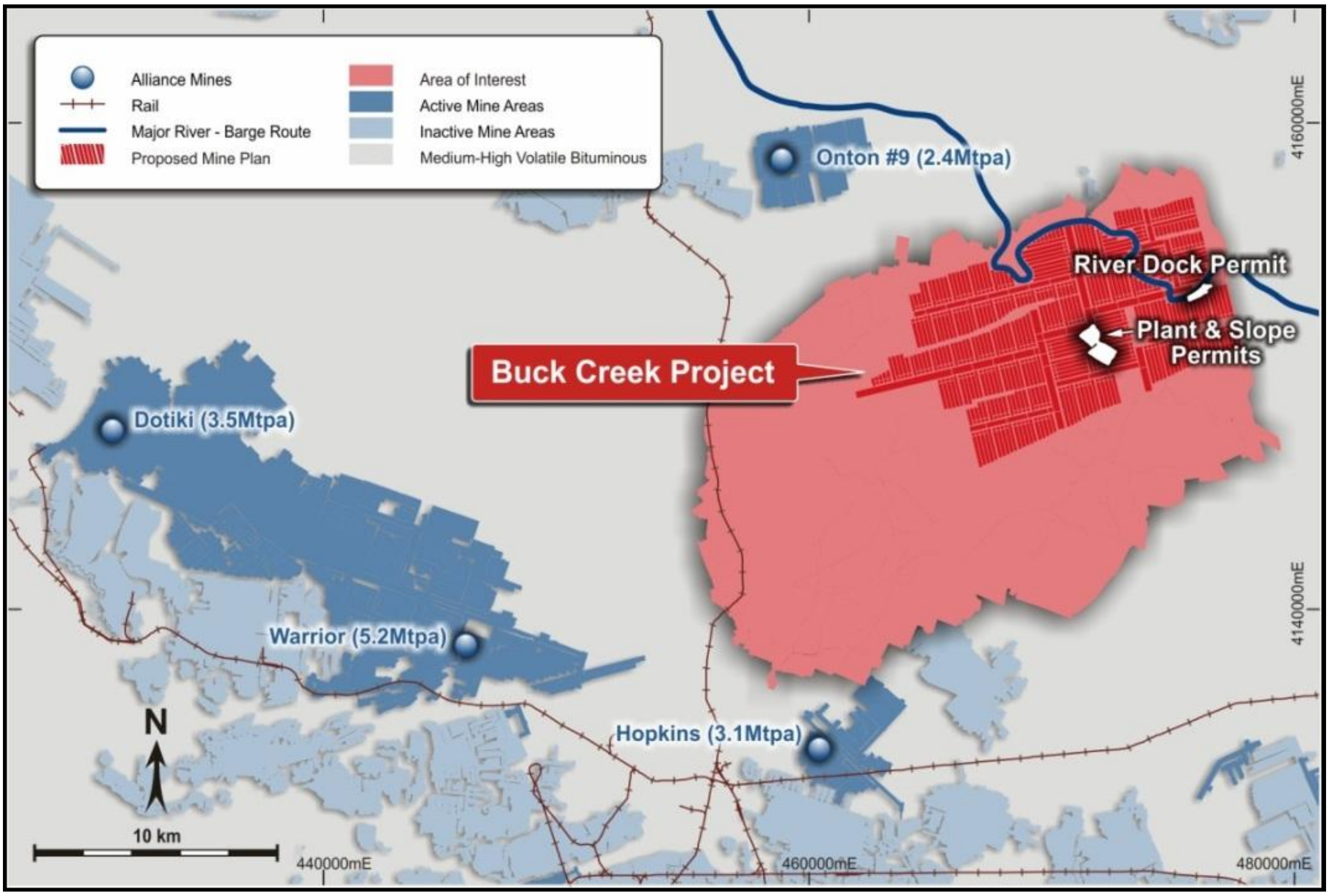

Figure 2: Buck Creek Project Mine Plan Overview with Mine Panels

Coal Marketing

During the quarter, the Company appointed Mr James Plaisted as Vice President Coal Sales and Marketing and will be based at the Company's Evansville office (Indiana, US). Mr Plaisted will be responsible for the marketing and sale of coal produced from the Buck Creek Project. Mr Plaisted will immediately begin discussions with the expanding domestic scrubbed coal-fired power market in preparation of Paringa potentially entering into formal coal sales contracts in the lead-up to discussions with potential financiers and start of mine construction.

Next Steps

The Company has an exciting quarter ahead with a substantial amount of activity scheduled for the Buck Creek Project over the coming months, including:

- Additional drilling within the Buck Creek Project to upgrade the maiden coal resource and to assist with the detailed engineering design of the shaft and slope (i.e. decline) for the PFS;
- Continuing the Company's aggressive leasing program, focusing on the western half of the Area of Interest of the Buck Creek Project;
- Continuing discussions with regional coal-fired power plants as part of its coal marketing strategy; and
- Continuing to rapidly complete remaining technical studies with the aim of commencing mine construction in 2015.

OTHER PROJECTS

Arkoma Coking Project

The Arkoma Coking Project is located in Sebastian County along the Arkansas River Valley in the State of Arkansas, USA. The Company has secured over 14,000 gross acres (~5,600 ha) of coal leases out of an area of interest of approximately 25,000 acres (~10,100 ha). Regional mapping and analysis of past coal production in the Arkoma basin led to the definition of this high value coking coal target area. Preliminary coal quality testing confirms low volatile hard coking coal with low ash and low sulfur contents which is highly desirable in the global coking coal markets.

Brazil Gold and Graphite Tenements

The Company also holds exploration licences (granted and applications) in Brazil targeting gold and graphite. During the quarter, Paringa commenced a reconnaissance stream sediment geochemical sampling program on certain of the gold licences and preliminary metallurgical test work on certain of the graphite licences with results expected to be released during the September 2014 quarter.

CORPORATE

Board Changes

During the quarter, the Company appointed Mr Todd Hannigan as a Non-Executive Director of Paringa, with Mr Thomas (Tom) Todd as his alternate Director. In addition, the Company completed a placement to Messrs Hannigan and Todd, through their investment vehicle T2 Resources Pty Limited, comprising

3.0 million shares at an issue price of $0.32 per share to raise gross proceeds of $1.0 million (with attaching options on a 1 for 2 basis each exercisable at $0.45 on or before 30 June 2018).

Messrs Hannigan and Todd were formerly the Chief Executive Officer and Chief Financial Officer respectively of Aston Resources Limited ("**Aston Resources**"). During this period, they led the growth of Aston Resources from a small private company into one of Australia's largest publicly listed coal companies. Aston Resources raised a total of $855 million in debt and $1.1 billion in equity funding to acquire and fully fund the Maules Creek coal project through to first coal production. In 2011, Aston Resources merged with Whitehaven Resources Limited in a deal valued at over $5 billion.

Mr David Chapman stepped down as Executive Director effective from 1 July 2014 and will remain as a Non-Executive Director of the Company.

Capital Raising

The Company recently completed a placement of 12.5 million shares at an issue price of A$0.40 per share to institutional and sophisticated investors in Australian and North America to raise gross proceeds of A$5.0 million. Canaccord Genuity (Australia) Limited acted as Lead Manager to the Placement, which was heavily oversubscribed.

Cash Position

Paringa is in a strong financial position, as following completion of the placement, Paringa now has cash reserves of approximately A$9.0 million. At 30 June 2014, Paringa had cash reserves of approximately A$4.5 million.

EXPLORATION INTERESTS

Buck Creek Coal Leases

At the end of the quarter, Paringa controlled approximately 26,428 gross acres (~10,695 ha) of coal leases in Kentucky, USA which comprise the Buck Creek Project. The area is controlled by Paringa through approximately 167 individual coal leases with private mineral owners. During the quarter, Paringa directly leased an additional approximately 278 gross acres (~113 ha) of coal leases from individual mineral owners at the Buck Creek Project.

Arkoma Coal Leases

At the end of the quarter, Paringa controlled approximately 14,000 gross acres (~5,600 ha) of coal leases in Arkansas, USA which comprise the Arkoma Project. The area is controlled by Paringa through approximately 400 individual coal leases with private mineral owners.

Brazil Tenements

During the quarter, Paringa relinquished three exploration licences within the Minaçu Gold Project. At the end of the quarter, Paringa had an interest in the following mining tenements:

Project	Location	Tenement Number	% Held	Status
São Luis Gold Project	Brazil	851.141/11	100%	Granted
São Luis Gold Project	Brazil	806.596/11	100%	Application
São Luis Gold Project	Brazil	851.139/11	100%	Application

Santo Antônio de Pádua Graphite Project	Brazil	890.779/13	100%	Granted
Santo Antônio de Pádua Graphite Project	Brazil	890.785/13	100%	Granted
Santo Antônio de Pádua Graphite Project	Brazil	890.790/13	100%	Granted
Santo Antônio de Pádua Graphite Project	Brazil	831.809/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.387/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.388/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.389/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.390/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.391/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.392/12	100%	Application
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Santo Antônio de Pádua Graphite Project	Brazil	890.395/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.396/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.397/12	100%	Application
São Fidélis Graphite Project	Brazil	890.400/12	100%	Application
São Fidélis Graphite Project	Brazil	890.401/12	100%	Application

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 (North American Projects)

The Company advises that the information relating to the Scoping Study referred to in this announcement is based on lower-level technical and preliminary economic assessments, and is insufficient to support 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 realised.

The information in this announcement that relates to the Exploration Results, Coal Resources, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Paringa's ASX announcements dated 24 March 2014 entitled 'Scoping Study Confirms Strong Fundamentals of the Buck Creek Project' and 4 November 2013 entitled 'Maiden Coal Resource of 154 Million Tons Defined in Illinois Coal Basin' 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 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 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' 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 Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on information compiled or reviewed by Messrs. Justin S. Douthat, Gerard J. Enigk and George Oberlick, all of whom are Competent Persons and are Registered Members of the Society for Mining, Metallurgy & Exploration (SME). Messrs. Douthat, Enigk and Oberlick are employed by Cardno MM&A. Messrs. Douthat, Enigk and Oberlick have sufficient experience that is relevant to the type of mining, coal preparation and cost estimation 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, 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.

Competent Persons Statement (South American Projects)

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information in this announcement that relates to Exploration Results is based on, and fairly represents, 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 announcement 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 announcement.

Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

PARINGA RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
44 155 933 010	**30 June 2014**

Consolidated statement of cash flows

	Cash flows related to operating activities	**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(429)	(1,996)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(267)	(978)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	45	324
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	(a) Business development costs	(334)	(439)
	(b) Refundable security deposits	10	(84)
	(c) Due diligence costs	-	(76)
	Net Operating Cash Flows	(975)	(3,249)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(51)	(219)
	(b) equity investments	-	-
	(c) other fixed assets	(15)	(31)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material):		
	(a) Deferred consideration	-	(830)
	(a) Net cash inflow on acquisition of Hartshorne Coal Mining Limited	-	47
	Net investing cash flows	(66)	(1,033)
1.13	Total operating and investing cash flows (carried forward)	(1,041)	(4,282)

1.13	Total operating and investing cash flows (brought forward)	(1,041)	(4,282)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	960	960
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(100)
1.18	Dividends paid	-	-
1.19	Other	-	-
	Fundraising Costs	(56)	(56)
	Net financing cash flows	**904**	**804**
	Net increase (decrease) in cash held		
1.20	Cash at beginning of quarter/year to date	**4,661**	**8,007**
1.21	Exchange rate adjustments to item 1.20	(12)	(17)
1.22	**Cash at end of quarter**	**4,512**	**4,512**

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	**129**
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments to Directors for services and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	1,250
4.2	Development	-
4.3	Production	-
4.4	Administration	400
	Total	**1,650**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	562	511
5.2	Deposits at call	3,950	4,150
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	**4,512**	**4,661**

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Minaçu Gold Project 864.466/08 864.508/10 860.341/09	 Direct Direct Direct	 100% 100% 100%	 - - -
6.2	Interests in mining tenements and petroleum tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	125,083,334	125,083,334	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,000,000	3,000,000	$0.32	$0.32
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	Options 2,250,000 150,000 1,500,000 1,500,000 Rights 900,000 700,000 1,050,000 1,750,000	 - - - - - - -	*Ex. price* *$0.30* *$0.30* *$0.20* *$0.45* - - - -	*Expiry date* *31/08/2017* 31/12/2016 31/12/2016 30/06/2018 31/12/2014 31/12/2015 31/12/2016 31/12/2017
7.8	Issued during quarter	Options 1,500,000	 -	 *$0.45*	 30/06/2018
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does /does not* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: ....Date: 31 July 2014
(~~Director~~/Company secretary)

Print name: Gregory Swan

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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