PARINGA RESOURCES LIMITED

31 October 2014

ASX Announcement

SEPTEMBER 2014 QUARTERLY REPORT

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

Buck Creek Project

- Substantial progress was made on the Pre-Feasibility Study ("**PFS**") for the Buck Creek Project which is on schedule for release to the market during the March 2015 quarter;
- Development drilling has commenced at the Buck Creek Project to assist with the detailed engineering design of the shafts and slope (i.e. decline) for the PFS;
- Additional exploration drilling has also commenced to update the Buck Creek Project's maiden JORC Coal Resource Estimate of 154 million tons;
- Positive initial round of discussions between Paringa and local power utilities accepting Illinois Basin coal within the highly efficient, low cost Ohio River Market;
- Initial feedback confirms that there is demand for new independent sources of coal in the Ohio River Market to increase the diversity of local supply;
- Potential customers have confirmed the opportunity to secure "mine opening contracts" to underpin the financing and construction of the Buck Creek Project; and
- 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.

Corporate

- 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$7.9 million.

Next Steps

- Update for the results of geotechnical study on the slope (decline), shafts and mine development plan for the Buck Creek Project;
- Continuing the Company's aggressive leasing program, focusing on the western half of the Area of Interest of the Buck Creek Project;
- Update the maiden JORC Coal Resource Estimate for the Buck Creek Project;
- Continuing discussions with regional coal-fired power plants as part of the Company's coal marketing strategy;
- Update for results of contractor bids for key capital construction items for the development of the Buck Creek Project; 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 – In Seam From Core Analyses	**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.

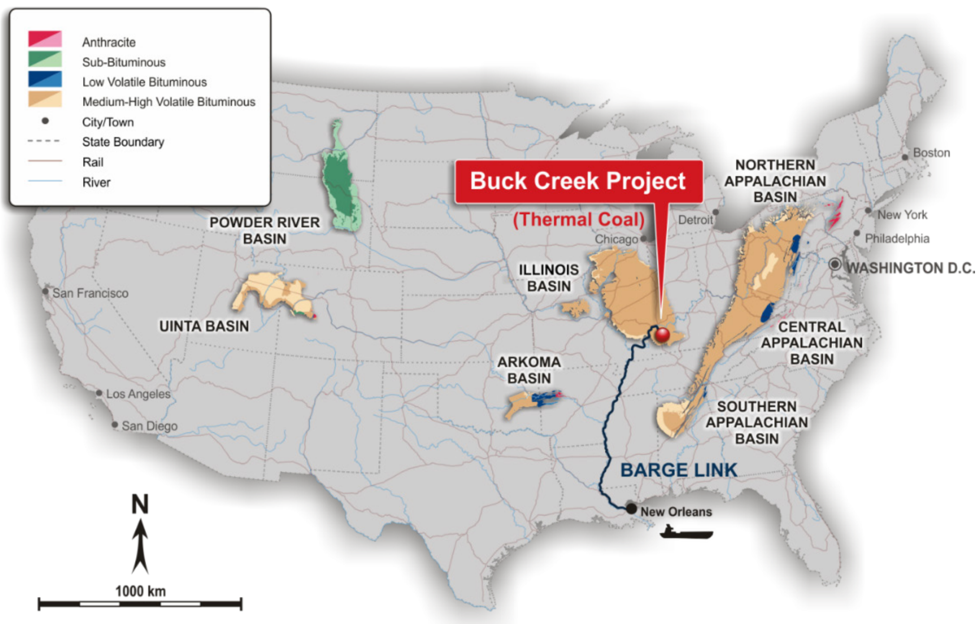

Figure 1: Location of the Buck Creek Project

Pre-Feasibility Study

During the quarter, the Company made substantial progress on its Pre-Feasibility Study for the Buck Creek Project after retaining Cardno MM&A ("**Cardno MM&A**") as lead engineers for the PFS. Cardno MM&A also managed the Company's previously completed Scoping Study on Buck Creek.

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.

The PFS is progressing extremely well and is on schedule for release to the market in the March 2015 quarter.

Commencement of Drilling Programs

During the quarter, Paringa commenced development drilling at the Buck Creek Project to assist with the detailed engineering design of the shaft and slope (i.e. decline) for the PFS. Development drilling will comprise of two continuous core holes and two spot core holes drilled to define the orientation of the slope.

In addition, exploration drilling within the Buck Creek Project commenced to upgrade the maiden JORC Coal Resource Estimate. Exploration drilling is comprised of two rotary holes and three spot core holes, all with geophysical logging. Drilling has been undertaken in areas of existing inferred resources to convert tons from Inferred to Measured and Indicated categories under the JORC Code.

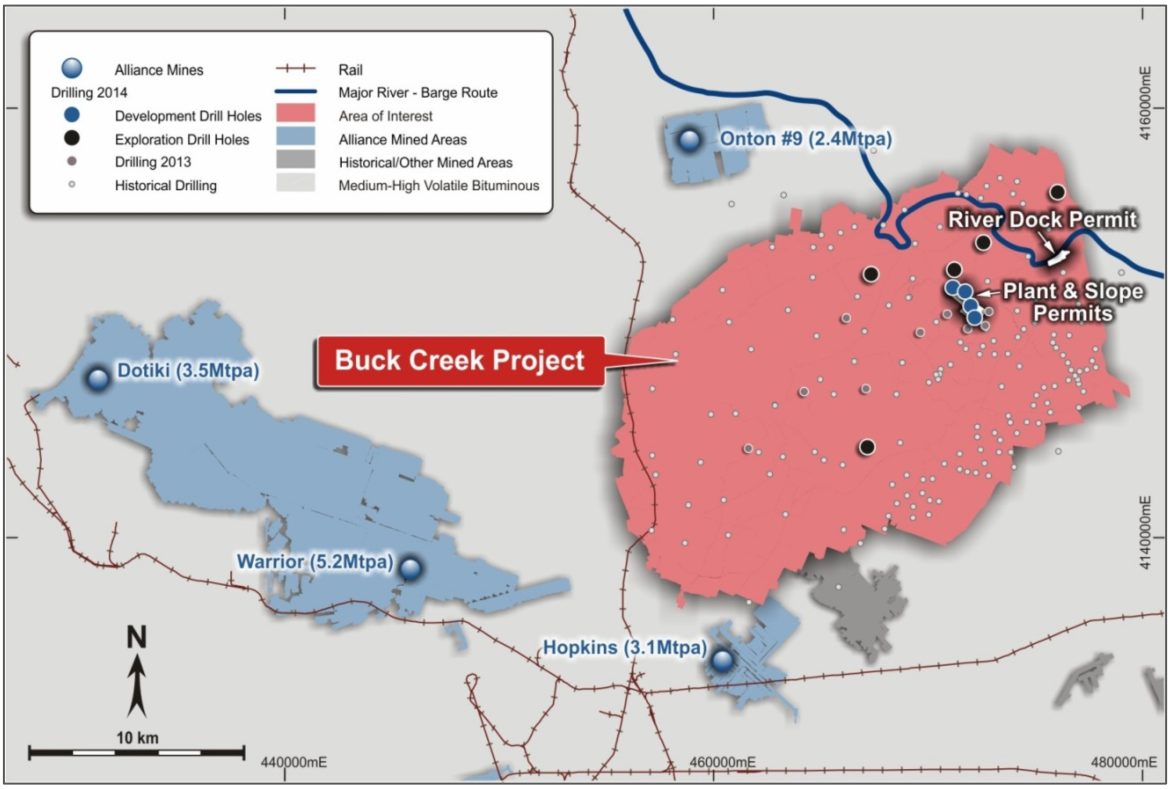

Figure 2: Location of Development and Exploration Drill Holes at the Buck Creek Project

Coal Marketing

Following the appointment of Jim Plaisted as Vice President of Coal Sales and Marketing in June 2014, Paringa completed the first round of discussions with the domestic scrubbed coal-fired power generators within the Ohio River Market. Mr Plaisted's previous position was General Manager of Alliance Coal, LLC a subsidiary of Alliance Resource Partners, LP, and was responsible for the marketing and sale of all coal produced from all seven of Alliance's Illinois Basin operations.

A summary of feedback received from Paringa's initial discussions with the Ohio River Market generators is as follows:

- Initial feedback confirms that there is demand for new independent sources of coal in the Ohio River Market to increase the diversity of local supply:
- Recognition by potential customers that the Buck Creek project is a major potential source of coal for the Ohio River Market and is well advanced with major permits already issued;
- Potential customers have confirmed the opportunity to secure "mine opening contracts" to underpin the financing and construction of the Buck Creek Project (Note: A mine opening contract is simply a contract for coal before the mine is constructed. The contract typically allows the coal developer to finance the mine and is generally longer term than a typical contract); and
- Paringa is well positioned to participate in the Ohio River Market's coal solicitation (ie sales) process following completion of the PFS in the first half of 2015.

Paringa will continue to ramp up discussions with coal-fired power stations in light of next year's financing negotiations and pending construction of the Buck Creek Project.

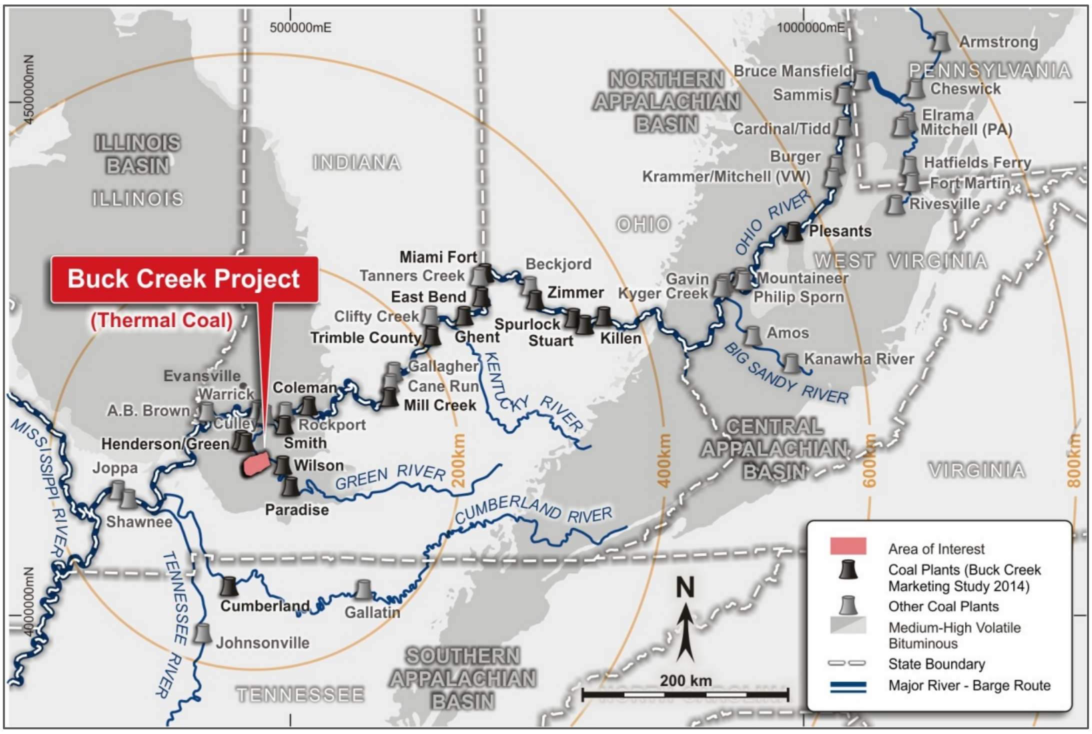

Figure 3: Buck Creek's Target Market – Ohio River Market

Strengthening US Management Team

During the quarter, Mr. Rick Kim was appointed as General Manager of the Buck Creek coal project. Mr. Kim will oversee the PFS for the Buck Creek Project with the aim to begin mine construction in 2015. Mr. Kim is an experienced coal operator having managed mines for Arch Coal Inc. and Massey Energy and complements a very strong credentialed and experienced US management team.

Updated JORC Coal Resource

As a result of securing additional leases, the completion of the current drilling program and the drilling program completed in November 2013, the Company may look to update the maiden JORC Coal Resource Estimate for the Buck Creek Project.

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.

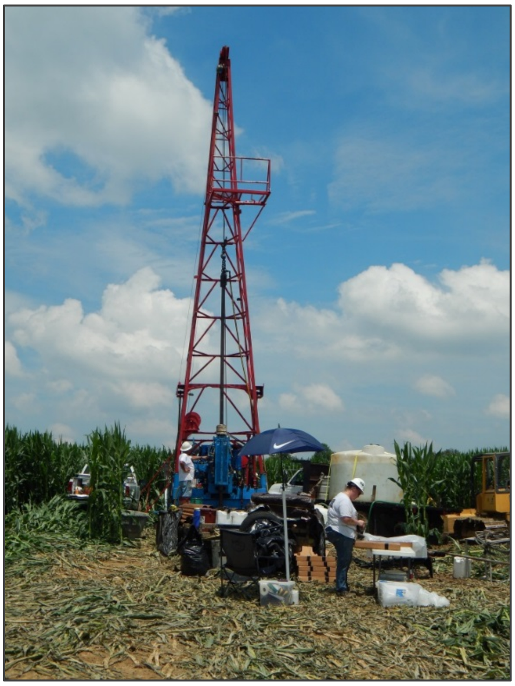

Figure 4: Drill Rig Operating at the Buck Creek Project

CORPORATE

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 following completion of the placement, and at 30 September 2014 Paringa had cash reserves of approximately A$7.9 million.

Remuneration of CEO

Mr David Gay, Chief Executive Officer of the Company, will be granted an additional 500,000 performance rights under the Company's Performance Rights Plan as part of the long term incentive component of his remuneration. The performance rights are exercisable for nil consideration upon satisfaction of key milestones (including a significant equity contribution by a cornerstone investor and/or obtaining project finance for the Buck Creek Project) with expiry dates between 30 June 2016 and 31 December 2016.

Securities Ceasing Escrow

The Company advises that with effect from 16 November 2014, the voluntary escrow period will cease for 61,000,000 ordinary shares that were issued to shareholders of Hartshorne Coal Mining Limited as consideration for the acquisition of the Buck Creek Project. The majority of these shares are held by current Key Management Personnel of Paringa.

EXPLORATION INTERESTS

Buck Creek Coal Leases

At the end of the quarter, Paringa controlled approximately 27,117 gross acres (~10,974 ha) of coal leases in Kentucky, USA which comprise the Buck Creek Project. The area is controlled by Paringa through approximately 176 individual coal leases with private mineral owners.

During the quarter, Paringa directly leased an additional approximately 684 gross acres (~277 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
Santo Antônio de Pádua Graphite Project	Brazil	890.393/12	100%	Application
Santo Antônio de Pádua Graphite Project	Brazil	890.394/12	100%	Application
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 September 2014

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(699)	(699)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(321)	(321)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	34	34
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material):		
	- Business Development	(229)	(229)
	Net Operating Cash Flows	**(1,215)**	**(1,215)**
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(70)	(70)
	(b) equity investments	-	-
	(c) other fixed assets	(13)	(13)
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)	-	-
	Net investing cash flows	**(83)**	**(83)**
1.13	Total operating and investing cash flows (carried forward)	(1,298)	(1,298)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,298)	(1,298)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	5,000	5,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Fundraising Costs	(300)	(300)
	Net financing cash flows	**4,700**	**4,700**
	Net increase (decrease) in cash held	**3,402**	**3,402**
1.20	Cash at beginning of quarter/year to date	4,512	4,512
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**7,914**	**7,914**

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	**70**
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

Not Applicable

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

Not Applicable

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	1,060
4.2	Development	-
4.3	Production	-
4.4	Administration	300
	Total	**1,360**

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	232	562
5.2	Deposits at call	7,682	3,950
5.3	Bank overdraft	-	
5.4	Other (provide details)	-	
	Total: cash at end of quarter (item 1.22)	**7,914**	**4,512**

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				
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**	137,583,334	137,583,334	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	12,500,000	12,500,000	$0.40	$0.40
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				
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 October 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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