ASX Announcement

DECEMBER 2014 QUARTERLY REPORT

Paringa Resources Limited ("**Paringa**" or "**Company**") (**ASX:PNL**) is pleased to present its quarterly report for the period ending 31 December 2014. Highlights during, and subsequent to, the quarter include:

Buck Creek Mining Complex

- Progressed the Pre-Feasibility Study ("**PFS**") for the Buck Creek No. 1 Mine which remains on schedule for release to the market during the current quarter;
- Completed development drilling at the Buck Creek No. 1 Mine to assist with the detailed engineering design of the shafts and slope (i.e. decline) for the PFS;
- Completed exploration drilling to update the Buck Creek Mining Complex's maiden Coal Resource Estimate of 154 million tons;
- Continued discussions with local power utilities regarding opportunities to secure "mine opening contracts" to underpin the financing and construction of the Buck Creek No. 1 Mine;
- Commenced a Technical Study on the Buck Creek No. 2 Mine located south of the Buck Creek No. 1 Mine's proposed 3.4mtpa coal operation and within the Buck Creek Mining Complex; and
- Buck Creek No. 2 Mine provides excellent potential for low capital expenditure ("**Capex**") development given shallow coal seam depth at the planned mine portal and ability to utilise the majority of planned infrastructure at the Buck Creek No. 1 Mine.

Corporate

- As of 31 December 2014, the Company had A$6.4 million in cash, with no debt.

Next Steps

- Continue to execute on the Company's successful leasing program, focusing on the expansion of the western half of the Buck Creek Mining Complex area;
- Update the maiden JORC Coal Resource Estimate for the Buck Creek Mining Complex;
- Complete mine optimisation review to identify key areas for improvement, including incorporation of the updated Coal Resource Estimate and improved infrastructure locations and site layout;
- Complete the PFS for the Buck Creek No. 1 Mine;
- Complete remaining technical studies of Buck Creek Mine No. 1 prior to commencing mine construction;
- Continue technical studies of Buck Creek No. 2 Mine and assess other mine development opportunities within the Buck Creek Mining Complex; and
- Complete development and exploration drilling within the Buck Creek No. 2 Mine area to assist with the technical studies.

For further information, contact:

David Gay
Chief Executive Officer

Nathan Ainsworth
Business Development

BUCK CREEK MINING COMPLEX

The Buck Creek Mining Complex is located in the Western Kentucky region of the Illinois Coal Basin (“**ILB**”) which is one of the most prolific coal producing regions in the United States. Paringa controls over 27,000 gross acres (~11,000 ha) of coal leases within an area of interest of approximately 72,000 acres (~28,000 ha).

The Buck Creek Mining Complex 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 Mining Complex is one of the few remaining contiguous high quality thermal coal projects within the Western Kentucky No. 9 (“**WK No. 9**”) seam that is not controlled by one of the major United States coal companies. It offers one of the highest quality, highest heating value products in the ILB. The WK No. 9 is now the second largest producer of coal in the United States by coal seam.

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

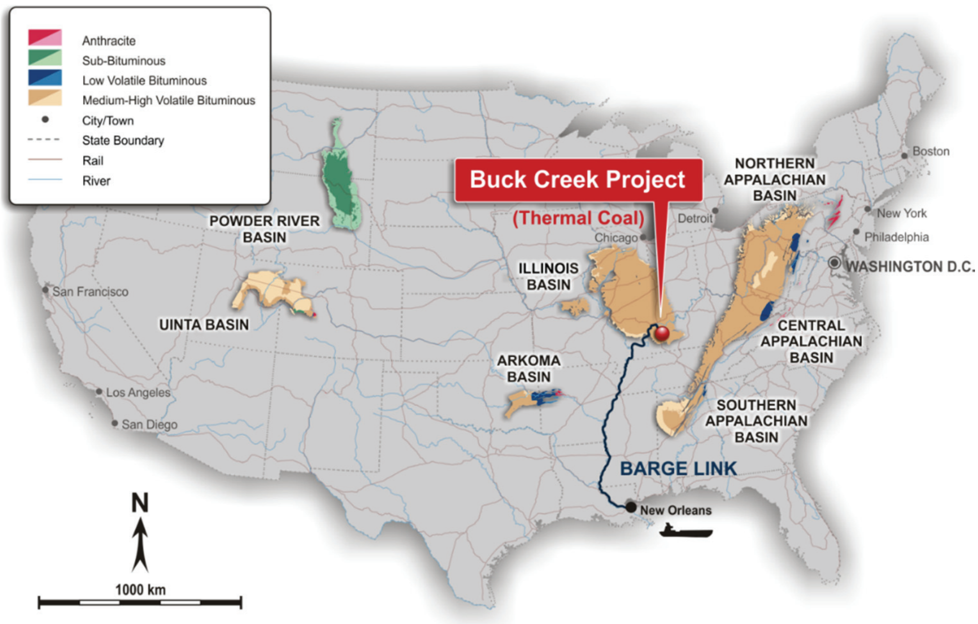

Figure 1: Location of the Buck Creek Mining Complex

Pre-Feasibility Study for Buck Creek No. 1 Mine

During the quarter, the Company neared completion of its Pre-Feasibility Study for the Buck Creek No. 1 Mine. Cardno MM&A ("**Cardno MM&A**") are the lead engineers for the PFS, who also managed the Company's previously completed Scoping Study on Buck Creek.

Cardno MM&A are using local industry consultants with expertise in coal mine development in the ILB region to complete 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 Company is currently completing a mine optimisation review to identify key areas for improvement. Areas of focus include incorporation of the planned updated Coal Resource Estimate into the mine plan, and improved infrastructure locations and site layout, aimed at further reducing capital and operating costs.

The PFS is progressing well and is on schedule for release to the market during the current quarter.

Technical Study for Buck Creek No. 2 Mine

During the quarter, the Company commenced a technical study ("**Technical Study**") on the Buck Creek No. 2 Mine, positioned south of the Buck Creek No. 1 Mine and within the Buck Creek mining complex.

Development of Buck Creek No. 2 is expected to be a low Capex development project on account of the shallow depth of the coal seam from surface at the planned mine site and the potential to utilise the majority of the proposed Buck Creek No. 1 Mine's processing and barge transportation infrastructure, with minimal modification.

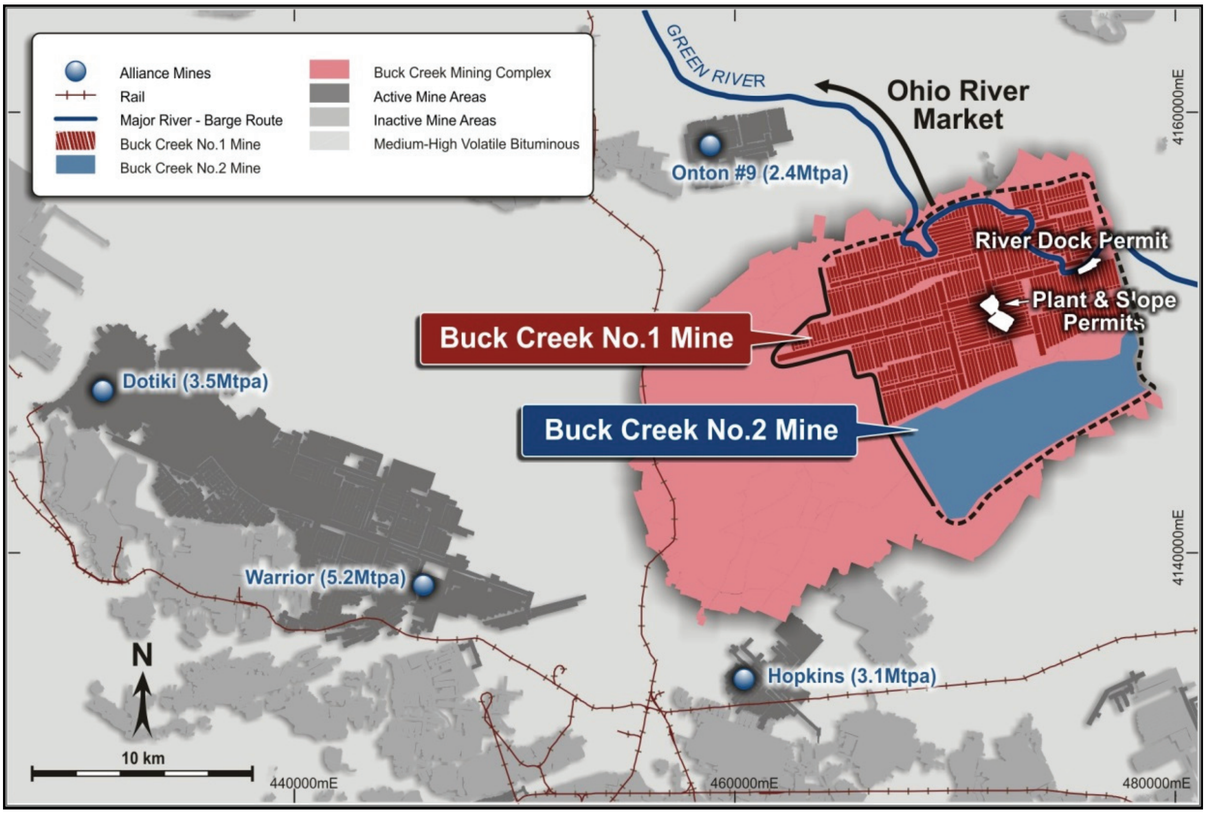

Figure 2: Location of the Buck Creek No. 1 and No. 2 Mine Areas

The Company anticipates cash flows from the proposed Buck Creek No. 1 Mine to fund the development of the low Capex Buck Creek No. 2 Mine. The Company is also assessing other development opportunities within the Buck Creek Mining Complex area which form part of a staged multi-project development program.

The initial target market for Buck Creek No. 1 and No. 2 coal will be the lucrative Ohio River market via direct low-cost barge transportation, which consists of large, scrubbed and highly efficient domestic power plants. Initial feedback from discussions with the Ohio River market confirms there is demand for new independent sources of coal in the Ohio River Market to increase the diversity of local supply.

The strong market fundamentals for ILB coal are underpinned by the substantial growth in United States scrubbed coal-fired power plant capacity, with ILB demand forecast to increase by over 50% to 202 million tons from 2013 to 2020.

Completion of Drilling Programs

During the quarter, the Company completed development drilling at the Buck Creek No. 1 Mine to assist with the detailed engineering design of the shaft and slope (i.e. decline) for the PFS. The drilling comprised 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 Mining Complex was completed to upgrade the maiden JORC Coal Resource Estimate. The drilling comprised of four rotary holes and one spot core hole, all with geophysical logging. Drilling was undertaken in areas of existing inferred resources to convert tons from Inferred to Measured and Indicated categories under the JORC Code.

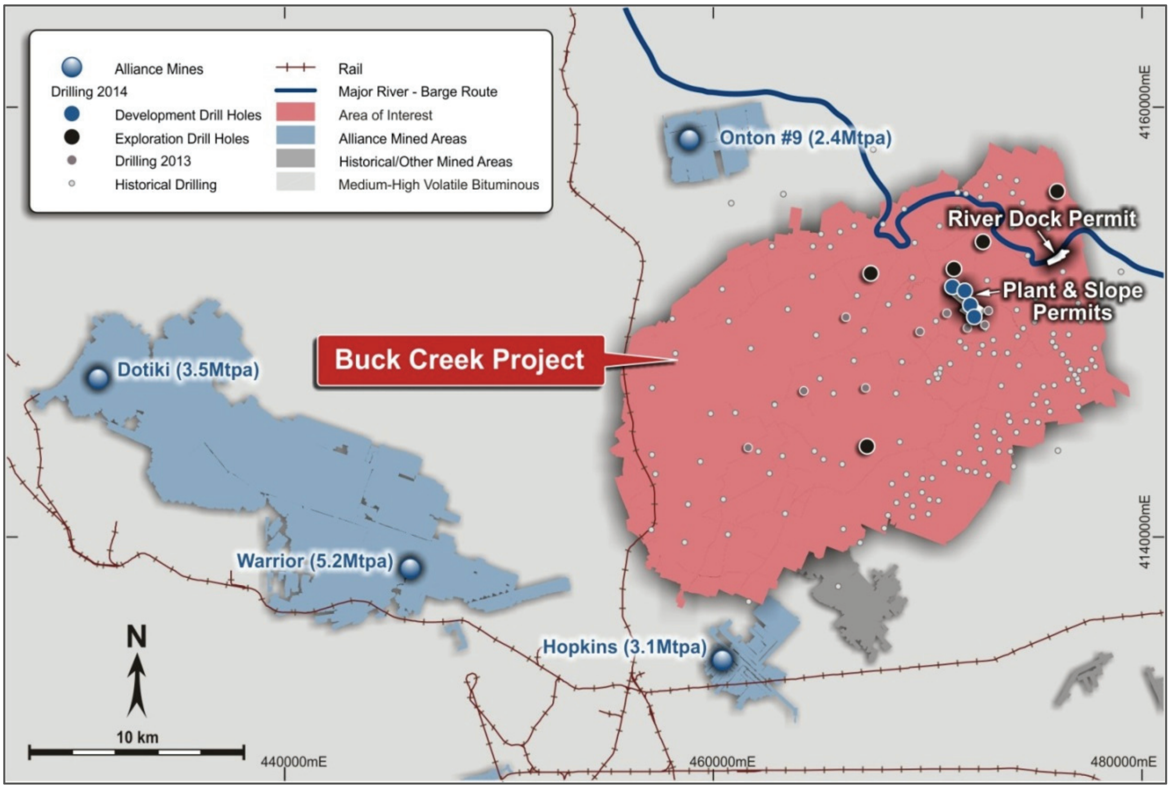

Figure 3: Location of Drill Holes at the Buck Creek Mining Complex

Coal Marketing

The Company continued its discussions with the domestic scrubbed coal-fired power generators within the Ohio River Market ahead of financing negotiations and planned construction of the Buck Creek No. 1 Mine.

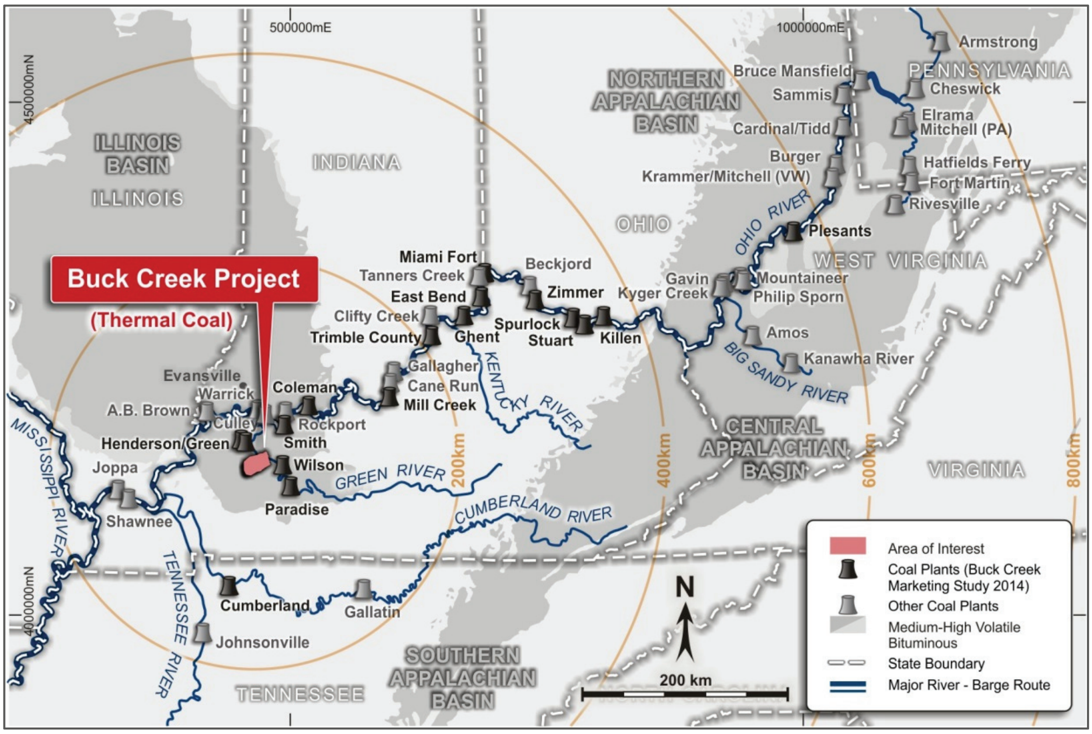

Figure 4: Buck Creek's Target Market – Ohio River Market

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 will look to update the maiden JORC Coal Resource Estimate for the Buck Creek Mining Complex.

Next Steps

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

- Continue to execute on the Company's successful leasing program, focusing on the expansion of the western half of the Buck Creek Mining Complex area;
- Update the maiden JORC Coal Resource Estimate for the Buck Creek Mining Complex;
- Complete mine optimisation review to identify key areas for improvement, including incorporation of the updated Coal Resource Estimate and improved infrastructure locations and site layout;
- Complete the PFS for the Buck Creek No. 1 Mine;

- Complete remaining technical studies of the Buck Creek Mine No. 1 prior to commencing mine construction;

- Continue technical studies of Buck Creek No. 2 Mine and assess other mine development opportunities within the Buck Creek Mining Complex; and

- Complete development and exploration drilling within the Buck Creek No. 2 Mine area to assist with the technical studies.

CORPORATE

Cash Position

Paringa is in a strong financial position and as of 31 December 2014 Paringa had A$6.4 million in cash, and no debt.

Remuneration of Key Management Personnel

During the quarter, 500,000 performance rights previously granted to Mr David Gay, Chief Executive Officer of the Company, expired. Following the expiry of these performance rights the Board has reviewed Mr Gay's remuneration arrangements and resolved to offer Mr Gay an additional 500,000 performance rights (which vest upon satisfying project related performance conditions) under the Company's Performance Rights Plan as part of the long term incentive component of his remuneration.

Effective from 1 February 2015, the cash remuneration package of Mr Taso Arima, Executive Director of the Company, will be $60,000 per annum (exclusive of superannuation).

EXPLORATION INTERESTS

Buck Creek Coal Leases

At the end of the quarter, Paringa controlled approximately 27,602 gross acres (~11,170 ha) of coal leases in Kentucky, United States which comprise the Buck Creek Mining Complex. The area is controlled by Paringa through approximately 196 individual coal leases with private mineral owners.

During the quarter, Paringa directly leased an additional approximately 490 gross acres (~198 ha) of coal leases from individual mineral owners at the Buck Creek Mining Complex.

Arkoma Coal Leases

At the end of the quarter, Paringa controlled approximately 14,000 gross acres (~5,600 ha) of coal leases in Arkansas, United States 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
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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	31 December 2014

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,120)	(1,876)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(142)	(406)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	78	112
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material):		
	(a) business development	(152)	(381)
	Net Operating Cash Flows	**(1,337)**	**(2,551)**
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(184)	(254)
	(b) equity investments	-	-
	(c) other fixed assets	(4)	(18)
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	**(189)**	**(272)**
1.13	Total operating and investing cash flows (carried forward)	(1,526)	(2,823)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,526)	(2,823)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	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:	-	-
	(a) share issue costs	(8)	(308)
	Net financing cash flows	**(8)**	**4,692**
	Net increase (decrease) in cash held	**(1,526)**	**1,869**
1.20	Cash at beginning of quarter/year to date	7,914	4,512
1.21	Exchange rate adjustments to item 1.20	12	19
1.22	**Cash at end of quarter**	**6,400**	**6,400**

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	57
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	1,000
4.2	Development	-
4.3	Production	-
4.4	Administration	150
	Total	**1,150**

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	248	232
5.2	Deposits at call	6,152	7,682
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**6,400**	**7,914**

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				
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)*	<u>Options</u> 2,250,000 150,000 1,500,000 1,500,000 <u>Rights</u> 982,333 1,466,000 2,448,334 450,000 450,000	 - - - - - - - - -	*<u>Ex. price</u>* $0.30 $0.30 $0.20 $0.45 - - - - -	*<u>Expiry date</u>* 31/08/2017 31/12/2016 31/12/2016 30/06/2018 31/12/2015 31/12/2016 31/12/2017 30/06/2016 31/12/2016
7.8	Issued during quarter	<u>Rights</u> 333,333 282,333 416,000 698,334 450,000 450,000	 - - - - - -	*<u>Ex. price</u>* - - - - - -	*<u>Expiry date</u>* 31/12/2014 31/12/2015 31/12/2016 31/12/2017 30/06/2016 31/12/2016
7.9	Exercised during quarter				
7.10	Expired during quarter	<u>Rights</u> 1,233,333	 -	 -	*<u>Expiry date</u>* 31/12/2014
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: 30 January 2015
(~~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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