

ASX Announcement

COMMENCEMENT OF DEVELOPMENT DRILLING AT BUCK CREEK NO.2 MINE

HIGHLIGHTS:

- *Development drilling has commenced at the proposed Buck Creek No.2 Mine located within the Buck Creek Mining Complex*
- *Drilling will assist with the initial engineering designs as part of the Technical Study commenced for the low cost development of Buck Creek No.2 Mine*
- *Buck Creek No.2 Mine provides excellent potential for low capital expenditure given the shallow coal seam depth at the planned mine portal and the ability to utilise the majority of planned infrastructure at the adjacent Buck Creek No.1 Mine*
- *Drilling will also assist with upgrading the JORC Coal Resource Estimate for the Buck Creek Mining Complex*

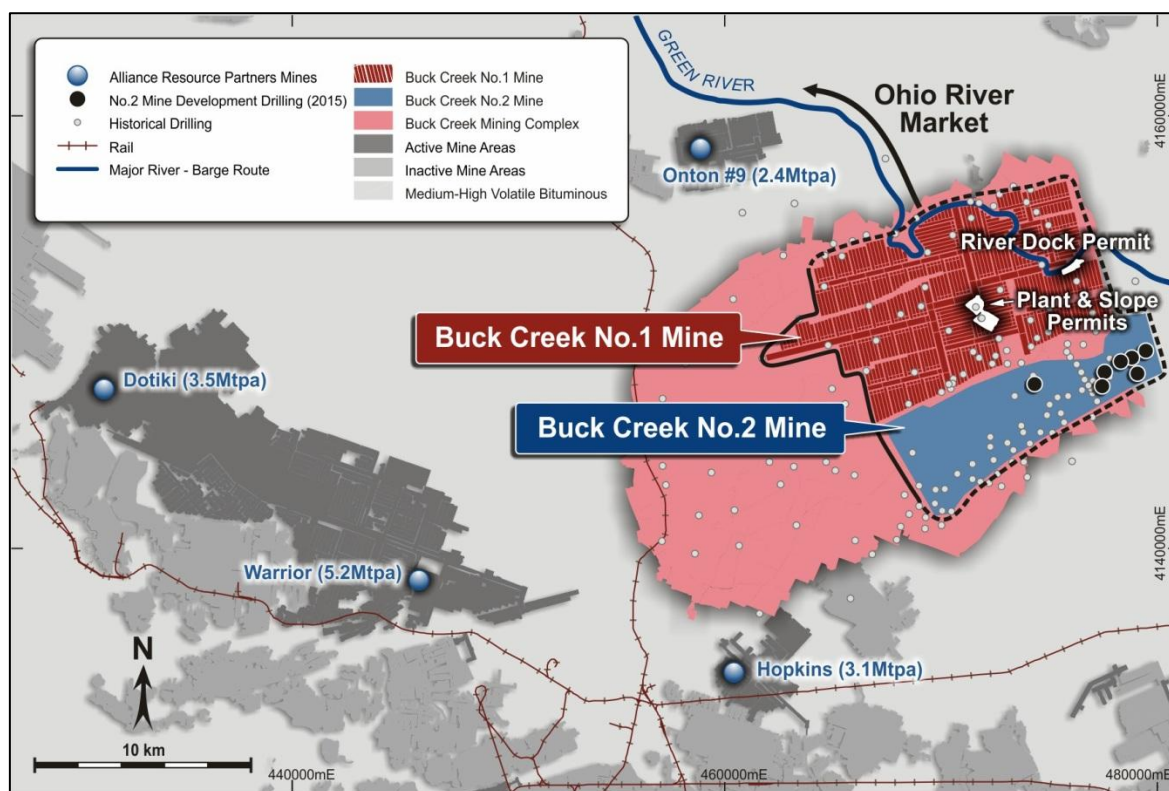


Figure 1: Location of Development Drill Holes at Buck Creek No.2

Paringa Resources Limited ("**Paringa**" or "**Company**") is pleased to provide an update to the technical study ("**Technical Study**") which has commenced at the proposed Buck Creek No.2 Mine ("**Buck Creek No.2 Mine**") located within the Buck Creek Mining Complex ("**Buck Creek Mine Complex**") and to the south of the Buck Creek No.1 Mine's ("**Buck Creek No.1 Mine**") proposed 3.4mtpa coal operation.

Paringa has commenced development drilling at the Buck Creek No.2 Mine comprised of two continuous core holes and five spot core holes to assist with the initial engineering design and orientation of the planned mine portal. Shallow coal seam depth at the planned mine portal and the ability to utilise the planned infrastructure at the adjacent Buck Creek No.1 Mine should provide for a low capex development of Buck Creek No.2.

As part of the Pre-Feasibility Study ("**PFS**") for the Buck Creek No.1 Mine, Paringa has also begun optimisation studies into the coal preparation process and location and layout of the key infrastructure, including the barge load-out facility.

In addition, the Company continues to progress with its aggressive leasing program focusing on the expansion of the western half of the Buck Creek Mining Complex area. Securing additional leases and results from recent drilling programs will provide the basis for an updated JORC Coal Resource Estimate for the Buck Creek Mine Complex.

Paringa's Chief Executive Officer, Mr David Gay, said *"The Buck Creek No.2 drilling program will provide additional data that will assist us in engineering design of the planned mine portal as part of the technical study for Buck Creek No.2 Mine. We have an exciting six month period with the PFS results for Buck Creek No.1 and results from the Buck Creek No.2 Mine technical study."*

For further information contact:

David Gay
Chief Executive Officer

Nathan Ainsworth
Business Development

ABOUT THE BUCK CREEK MINING COMPLEX

The Buck Creek Mining Complex 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. Paranga controls over 27,000 gross acres (~10,500 ha) of coal leases within an area of interest of approximately 72,000 acres (~28,000 ha).

The Buck Creek 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 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 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 – From In Seam 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 which feed domestic coal-fired power plants and coastal export coal terminals in the Gulf of Mexico.

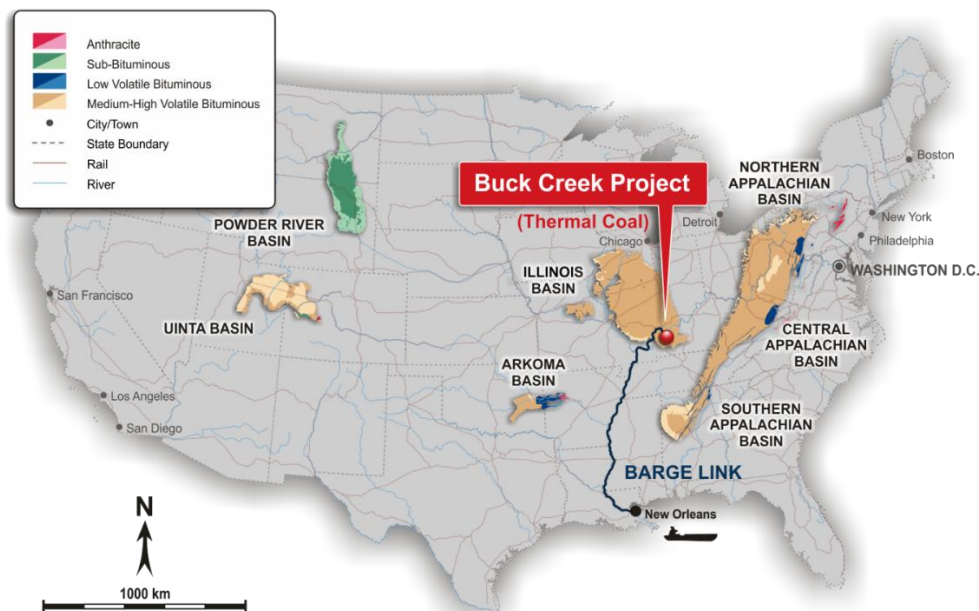


Figure 2: Location of the Buck Creek Mining Complex

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.

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.

Competent Persons Statement (North American Projects)

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.