



Interim Financial Report for the Half-Year Ended 31 December 2016

ABN 44 155 933 010

CORPORATE DIRECTORY

DIRECTORS:

Mr Ian Middlemas – Chairman
 Mr Todd Hannigan – Managing Director & CEO
 Mr David Gay – Executive Director & President
 Mr Thomas Todd – Executive Director
 Mr Anastasios Arima – Non-Executive Director
 Mr Jonathan Hjelte – Non-Executive Director
 Mr Richard McCormick – Non-Executive Director

COMPANY SECRETARY:

Mr Gregory Swan – Company Secretary

OFFICES:

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 UNITED STATES
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New York Office:

3rd Floor, 6 East 46th Street
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 Tel: +1 347 577 9497

Registered Office:

Level 9, 28 The Esplanade
 Perth WA 6000
 AUSTRALIA
 Tel: +61 8 9322 6322

STOCK EXCHANGE LISTINGS:

United States:

OTCQX® Best Market (OTCQX Code: **PNGZF**)

Australia:

Australian Securities Exchange (ASX Code: **PNL**)

SHARE REGISTRIES:

United States:

Computershare Investor Services
 211 Quality Circle, Suite 210
 College Station TX 77845
 UNITED STATES
 Tel: +1 781 575 4247

Australia:

Computershare Investor Services Pty Ltd
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 Tel: +61 8 9323 2000

LAWYERS:

United States:

Frost Brown Todd Attorneys
 Baker & McKenzie

Australia:

DLA Piper Australia

BANKERS:

United States:

Old National Bank

Australia:

Australia and New Zealand Banking Group Limited

AUDITOR:

Deloitte Touche Tohmatsu

WEBSITE:

www.paringaresources.com

CONTENTS

	Page
Directors' Report	1
Directors' Declaration	5
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10
Auditor's Independence Declaration	14
Independent Auditor's Review Report	15
Forward Looking Statements and Competent Persons Statements	17

DIRECTORS' REPORT

The Directors of Paringa Resources Limited present their report on the Consolidated Entity consisting of Paringa Resources Limited ("Company" or "Paringa") and the entities it controlled during the half-year ended 31 December 2016 ("Consolidated Entity" or "Group").

DIRECTORS

The names and details of the Company's Directors in office at any time during or since the end of the half-year are as follows:

Current directors

Mr Ian Middlemas	Chairman
Mr Todd Hannigan	Managing Director and CEO (<i>previously Non-Executive Director until 7 November 2016</i>)
Mr David Gay	Executive Director and President (<i>previously Managing Director and CEO until 7 November 2016</i>)
Mr Thomas Todd	Executive Director (<i>previously Alternate Director until 7 November 2016</i>)
Mr Anastasios Arima	Non-Executive Director (<i>previously Executive Director until 7 November 2016</i>)
Mr Jonathan Hjelte	Non-Executive Director
Mr Richard McCormick	Non-Executive Director (<i>appointed 12 August 2016</i>)

Former directors

Mr David Griffiths	Non-Executive Director (<i>resigned 12 August 2016</i>)
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Unless otherwise shown, all Directors were in office from the beginning of the half-year until the date of this report.

OPERATING AND FINANCIAL REVIEW

Operations

During the period, the Company continued to focus on the development of its Buck Creek coal mining complex ("Buck Creek Mine Complex"), located in the western Kentucky region of the Illinois Coal Basin ("ILB"), comprising two undeveloped coal mines, the Poplar Grove Mine and Cypress Mine.

Once completed, the Poplar Grove Mine and Cypress Mine will allow Paringa to become a supplier of 5.7 million tons per annum ("Mtpa") of high quality coal into the growing Eastern US power market, with capex to initial production of only US\$40 million.

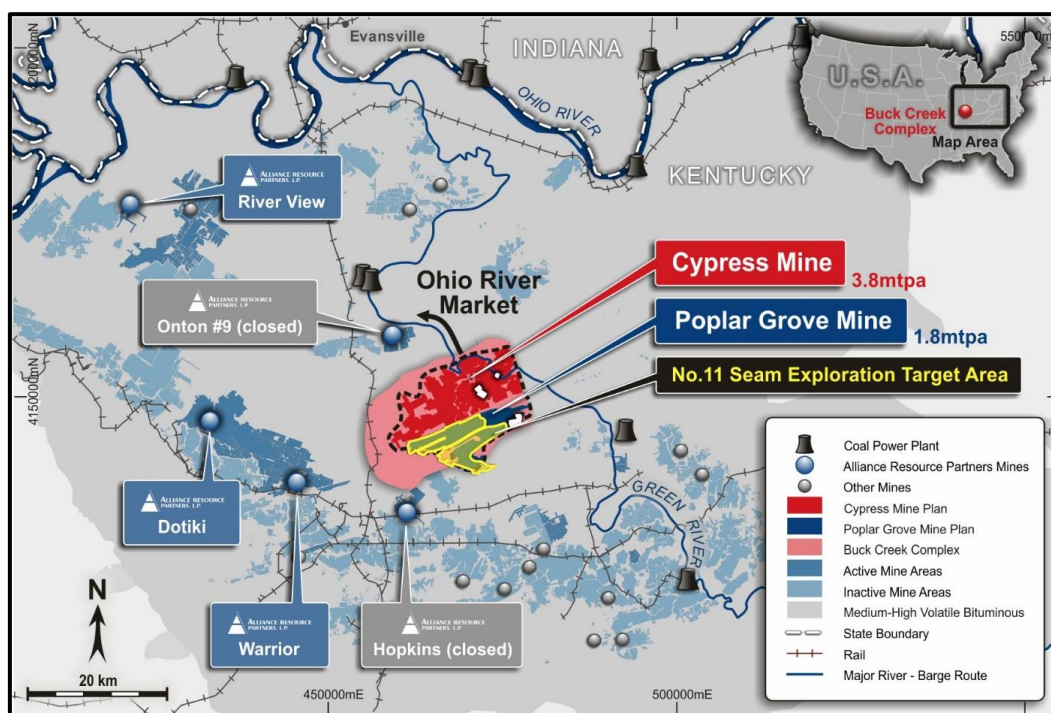


Figure 1: Buck Creek Complex and Alliance's Operations in Western Kentucky

DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Highlights

Highlights during the half year include:

- (i) Completed an updated Bankable Feasibility Study ("BFS") on the Buck Creek Complex, incorporating the staged, modular development of the Poplar Grove and Cypress Mines, which confirmed the Buck Creek Complex's technical and economic viability.
- (ii) The inclusion of Poplar Grove Mine into the BFS significantly lowered the initial capital cost, reduced the development time to first coal and transformed the financial returns of the Buck Creek Complex. The BFS reports that the Poplar Grove Mine can be developed at a low project capital cost of US\$40m for an initial 1.8 Mtpa of production and generate strong cashflows and high investment returns.
- (iii) The updated financials for the Buck Creek Complex state that the combined project will generate average annual EBITDA of US\$132m when Poplar Grove and Cypress Mines are operating at full capacity. This combined development has a Net Present Value of US\$497m (A\$654m) with an internal rate of return of 37%.
- (iv) The BFS validates Paringa's staged development strategy to build low capital and operating cost mines near river transportation. Paringa will maximize shareholder returns and minimize risk by taking a staged development approach – using modular mine investments at the Buck Creek Complex to ultimately become an Illinois Basin coal producer of over 5.7 Mtpa.
- (v) Paringa will start with the development of the low capex and high return Poplar Grove Mine by mid-2017. Once this mine is established, Paringa then intends to make low cost modular expansions of Poplar Grove's capacity followed by the development of the fully permitted 3.9 Mtpa Cypress Mine.
- (vi) Discovered an additional major contiguous economic coal seam (WK No.11) approximately 65 to 80 feet above Poplar Grove's WK No.9 seam, which may provide scope to further significantly increase the capacity of the 1.8 Mtpa mine with a low capex modular mine expansion.
- (vii) Following a successful drilling campaign, Paringa's total Coal Resources increased by 30% from 251 to 328 million tons from the inclusion of the WK No.11 coal seam.
- (viii) Paringa is now incorporating the new Coal Resource for the WK No.11 seam into an expanded BFS for a potential two coal seam operation (WK No.11 and No.9) at Poplar Grove for completion in Q1 2017. Alliance's 9.1 Mtpa River View mine (40 miles northwest) also mines both the WK No.11 and No.9 coal seams and is the most productive underground room-and-pillar coal mine in the USA.
- (ix) Completed all mine development technical work at the Poplar Grove Mine and secured all surface property rights needed for the construction of the Poplar Grove Mine and refuse area.
- (x) Appointed Mr Todd Hannigan as Managing Director and CEO, Mr Tom Todd as Executive Director, and Mr Rick McCormick as Non-Executive Director of the Company. Mr David Gay continues as Executive Director and President and Mr Taso Arima continues as Non-Executive Director of the Company.
- (xi) Completed a placement of 19 million shares at an issue price of A\$0.42 per share to institutional investors to raise A\$8 million.

Buck Creek Mine Complex

The Buck Creek Complex is located in the Western Kentucky region of the ILB which is one of the most prolific coal producing regions in the United States, comprising two undeveloped coal mines, the Poplar Grove Mine and Cypress Mine.

The Buck Creek Complex is one of the few remaining contiguous high quality thermal coal projects within the ILB 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.

DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Buck Creek Mine Complex (Continued)

The Buck Creek Complex has Coal Resources of 328 million tons of high quality thermal coal.

Buck Creek Complex: Coal Resource Estimate (WK No.9 and No.11 seam) (tons)					
Coal Seam	Measured	Indicated	Total Measured & Indicated	Inferred	Total
WK No.11	23.2 million	53.4 million	76.6 million	-	76.6 million
WK No.9	77.9 million	172.8 million	250.7 million	0.7 million	251.5 million
Total	101.2 million	226.3 million	327.4 million	0.7 million	328.1 million

Paringa's plan is to develop low capital and operating cost mines located near low cost river transportation in the Illinois coal basin.

Paringa will start initially with the low-cost construction of the 1.8 Mtpa Poplar Grove Mine during 2017, with total initial capital estimated at US\$40 million. This initial project capital cost, which is to a maximum accuracy variation of +/- 10%, excludes any contingencies, working capital and financing costs. The construction period of the Poplar Grove Mine is approximately 12 months, delivering first coal production during the second quarter of 2018.

Once Poplar Grove is constructed, Paringa will make low risk, low cost modular mine expansions to grow its coal production to 5.7 Mtpa and beyond. The Company will underpin this additional growth with long term sales contracts to ensure that additional capacity investments are low risk and generate high levels of free cash flow. Shown below is the potential production profile of the Poplar Grove Mine, followed by the Cypress Mine, and does not take into account the potential expansion of the Poplar Grove Mine from the discovery of a second coal seam.

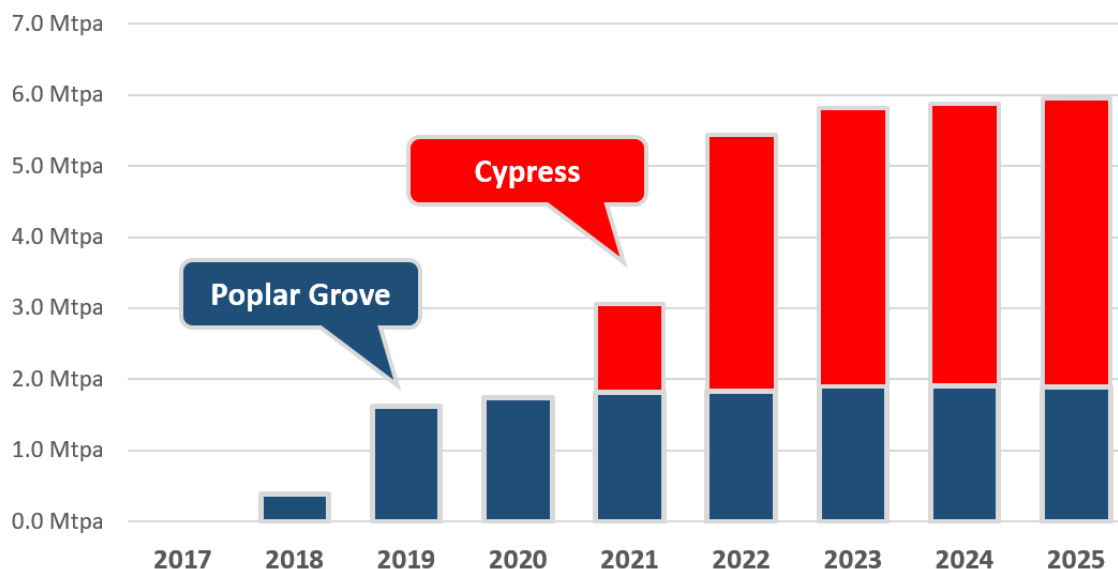


Figure 2: Poplar Grove and Cypress Mines Production Profile (excluding any extraction of the WK No.11 seam)

Buck Creek Complex: Key Metrics	Poplar Grove Mine	Cypress Mine
Average Annual Coal Production (steady state)	1.8 Mtpa	3.9 Mtpa
Mine Life	27 years	18 years
Average Annual Operating Costs (steady state)	US\$30.39 per ton	US\$27.37 per ton
Average Annual EBITDA (steady-state)	US\$39 million	US\$94 million

DIRECTORS' REPORT (Continued)

Results of Operations

The Group recorded a consolidated operating loss before tax of A\$2,523,730 (31 December 2015: A\$3,418,932) for the half-year ended 31 December 2016.

This result is largely as a result of recognising exploration and evaluation expenses of A\$2,260,860 (31 December 2015: A\$2,239,429), which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure (other than expenditures incurred in the acquisition of the rights to explore, including payments to landowners required under the Group's mineral leases) incurred by the Group in the period subsequent to the acquisition of the rights to explore and up to the successful completion of definitive feasibility studies for each separate area of interest.

Financial Position

At 31 December 2016, the Company had cash reserves of A\$10,930,114 (30 June 2016: A\$406,881) and no debt. The Company is in a strong financial position to conduct its current and planned exploration and development activities.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 20 February 2017, the Company announced an updated Coal Resource Estimate ("CRE") of 328 million tons (~298 million tonnes) for the Buck Creek Mine Complex, comprising the Poplar Grove and Cypress Mines.

Other than as outlined above, at the date of this report there were no significant events occurring after balance date requiring disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte Touche Tohmatsu, to provide the directors of Paringa Resources Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is on page 14 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



TODD HANNIGAN
Managing Director and CEO

8 March 2017

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Paringa Resources Limited, I state that:

In the opinion of the Directors:

- (a) the attached financial statements and notes thereto for the period ended 31 December 2016 are in accordance with the *Corporations Act 2001*, including:
 - (i) section 304 (compliance with accounting standards and Corporations Regulations 2001); and
 - (ii) section 305 (true and fair view); and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



TODD HANNIGAN
Managing Director and CEO

8 March 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half-Year Ended 31 December 2016 \$	Half-Year Ended 31 December 2015 \$
Continuing operations		
Interest income	40,440	52,266
Exploration and evaluation expenses	(2,260,860)	(2,239,429)
Corporate and administration expenses	(491,483)	(334,036)
Business development expenses	(191,478)	(293,773)
Share based payment expenses	379,651	(603,960)
Loss before income tax	(2,523,730)	(3,418,932)
Income tax expense	-	-
Net loss for the period	(2,523,730)	(3,418,932)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	243,745	214,764
Total other comprehensive income for the period	243,745	214,764
Total comprehensive loss for the period	(2,279,985)	(3,204,168)
Loss per share		
Basic and diluted loss per share (cents per share)	(1.4)	(2.3)

The above Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	31 December 2016 \$	30 June 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		10,930,114	406,881
Trade and other receivables		84,005	13,131
Other current financial assets		21,223	6,720
Total Current Assets		11,035,342	426,732
Non-Current Assets			
Exploration and evaluation assets	3	20,721,077	20,132,138
Plant and equipment		155,716	161,547
Other non-current financial assets		39,759	38,488
Total Non-Current Assets		20,916,552	20,332,173
TOTAL ASSETS		31,951,894	20,758,905
LIABILITIES			
Current Liabilities			
Trade and other payables		654,098	252,336
Other current financial liabilities		1,387,578	2,015,885
Total Current Liabilities		2,041,676	2,268,221
TOTAL LIABILITIES		2,041,676	2,268,221
NET ASSETS		29,910,218	18,490,684
EQUITY			
Contributed equity	4	49,021,648	34,649,678
Reserves	5	1,694,412	2,123,118
Accumulated losses		(20,805,842)	(18,282,112)
TOTAL EQUITY		29,910,218	18,490,684

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Contributed Equity	Share-based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2016	34,649,678	1,424,639	698,479	(18,282,112)	18,490,684
Net loss for the period	-	-	-	(2,523,730)	(2,523,730)
Other comprehensive income for the period	-	-	243,745	-	243,745
Total comprehensive income/(loss) for the period	-	-	243,745	(2,523,730)	(2,279,985)
Transactions with owners recorded directly in equity					
Share placements	14,578,000	-	-	-	14,578,000
Share issue costs	(843,830)	-	-	-	(843,830)
Exercise of options	637,800	(292,800)	-	-	345,000
Share based payments expense	-	(379,651)	-	-	(379,651)
Balance at 31 December 2016	49,021,648	752,188	942,224	(20,805,842)	29,910,218
Balance at 1 July 2015	29,605,511	1,016,660	573,424	(12,115,658)	19,079,937
Net loss for the period	-	-	-	(3,418,932)	(3,418,932)
Other comprehensive income for the period	-	-	214,764	-	214,764
Total comprehensive income/(loss) for the period	-	-	214,764	(3,418,932)	(3,204,168)
Transactions with owners recorded directly in equity					
Share placements	5,100,000	-	-	-	5,100,000
Share issue costs	(357,781)	-	-	-	(357,781)
Vesting of performance rights	301,948	(301,948)	-	-	-
Share based payments expense	-	603,960	-	-	603,960
Balance at 31 December 2015	34,649,678	1,318,672	788,188	(15,534,590)	21,221,948

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half-Year Ended 31 December 2016 \$	Half-Year Ended 31 December 2015 \$
Cash flows from operating activities		
Payments to suppliers and employees	(2,691,109)	(2,919,875)
Interest received	28,325	48,392
Net cash outflow from operating activities	(2,662,784)	(2,871,483)
Cash flows from investing activities		
Payments for exploration and evaluation assets	(939,837)	(190,224)
Payments for plant and equipment	(1,921)	(71,545)
Net cash outflow from investing activities	(941,758)	(261,769)
Cash flows from financing activities		
Proceeds from issue of shares	14,923,000	5,100,000
Payments for share issue costs	(814,885)	(357,779)
Net cash inflow from financing activities	14,108,115	4,742,221
Net increase in cash and cash equivalents	10,503,573	1,608,969
Net foreign exchange differences	19,660	(13,463)
Cash and cash equivalents at beginning of the period	406,881	2,103,781
Cash and cash equivalents at the end of the period	10,930,114	3,699,287

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

This general purpose financial report for the interim half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Paringa Resources Limited for the year ended 30 June 2016 and any public announcements made by Paringa Resources Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Basis of preparation of half-year financial report

The financial statements have been prepared on an accruals basis and are based on historical cost. All amounts are presented in Australian dollars.

The financial statements for the half-year have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

(c) New standards, interpretations and amendments

In the current period, the Group has adopted all of the new and revised standards, interpretations and amendments that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016.

The adoption of new and revised standards and amendments has not affected the amounts reported for the current or prior half year periods.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being mineral exploration in the United States of America. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

(Continued)

3. EXPLORATION AND EVALUATION ASSETS

	31 December 2016 \$	30 June 2016 \$
(a) Areas of interest		
Buck Creek Mine Complex	20,005,885	19,450,838
Arkoma Coal Project	715,192	681,300
Carrying amount at end of the period¹	20,721,077	20,132,138
(b) Reconciliation		
Carrying amount at start of period	20,132,138	19,462,285
Additions	320,339	457,717
Change in fair value of deferred consideration payable	-	16,615
Exchange differences on translation of foreign operations	268,600	195,521
Carrying amount at end of the period¹	20,721,077	20,132,138

Notes:

¹ The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

4. CONTRIBUTED EQUITY

(a) Issued capital

	Note	31 December 2016 \$	30 June 2016 \$
213,996,619 fully paid ordinary shares (30 June 2016: 154,899,000)	4(b)	49,021,648	34,649,678

(b) Movements in fully paid ordinary shares during the past six months

Date	Details	Number of Shares	Issue Price \$	\$
1 Jul 2016	Opening Balance	154,899,000		34,649,678
2 - 4 Aug 2016	Share placement	38,200,000	\$0.17	6,494,000
16 Dec 2016	Share placement	19,247,619	\$0.42	8,084,000
16 Dec 2016	Exercise of incentive options	1,500,000	\$0.20	300,000
16 Dec 2016	Exercise of incentive options	150,000	\$0.30	45,000
16 Dec 2016	Transfer from share based payment reserve	-	-	292,800
Jul - Dec 2016	Share issue costs	-	-	(843,830)
31 Dec 2016	Closing Balance	213,996,619		49,021,648

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

(Continued)

5. RESERVES

(a) Capital reserves

	Note	31 December 2016	30 June 2016
Share based payments reserve	5(b)	752,188	1,424,639
Foreign currency translation reserve		942,224	698,479
		1,694,412	2,123,118

(b) Movements in options and rights during the past six months

Date	Details	Number of Options	Number of Rights	\$
1 Jul 2016	Opening Balance	4,400,000	5,924,334	1,424,639
27 Sep 2016	Lapse of performance rights	-	(400,000)	-
16 Dec 2016	Exercise of incentive options	(1,500,000)	-	-
16 Dec 2016	Exercise of incentive options	(150,000)	-	-
16 Dec 2016	Transfer to issued capital	-	-	(292,800)
21 Dec 2016	Lapse of performance rights	-	(5,524,334)	(550,680)
Jul - Dec 2016	Share based payments expense	-	-	171,029
31 Dec 2016	Closing Balance	2,750,000	-	752,188

6. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year (31 December 2015: nil).

7. CONTINGENT ASSETS AND LIABILITIES

There have been no changes in contingent assets or liabilities since the date of the last annual report.

8. COMMITMENTS

Management have identified the following material commitments for the consolidated group as at 31 December 2016:

	Payable within 1 year \$	Payable later than 1 year within 5 years \$	Total \$
Operating lease commitments	134,292	23,359	157,651

(a) Operating lease commitments

Operating lease commitments include contracts for leased offices in the United States.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (Continued)

9. FINANCIAL INSTRUMENTS

(a) Fair value measurement

At 31 December 2016, the Group had no material financial assets and liabilities that are measured on a recurring basis, and at 31 December 2016, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

10. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 20 February 2017, the Company announced an updated Coal Resource Estimate ("CRE") of 328 million tons (~298 million tonnes) for the Buck Creek Mine Complex, comprising the Poplar Grove and Cypress Mines.

Other than as outlined above, at the date of this report there were no significant events occurring after balance date requiring disclosure.

The Board of Directors
Paringa Resources Limited
Level 9, BGC Centre
28 The Esplanade
Perth WA 6000

8 March 2017

Dear Board Members

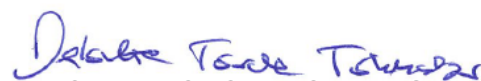
Paringa Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Paringa Resources Limited.

As lead audit partner for the review of the financial statements of Paringa Resources Limited for the financial half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



David Newman
Partner
Chartered Accountants

Independent Auditor's Review Report to the members of Paringa Resources Limited

We have reviewed the accompanying half-year financial report of Paringa Resources Limited, which comprises the condensed statement of financial position as at 31 December 2016, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Paringa Resources Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Paringa Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Paringa Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Paringa Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



David Newman

Partner

Chartered Accountants

Perth, 8 March 2017

FORWARD LOOKING STATEMENTS AND COMPETENT PERSONS STATEMENTS

Forward Looking Statements

This report 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 Statements

The information in this report that relates to Exploration Results, Coal Resources, Coal Reserves, Exploration Targets, Production Targets, Mining, Coal Preparation, Infrastructure, and Cost Estimation was extracted from Paringa's ASX announcements dated February 20, 2017 entitled 'Substantial Increase in Coal Resources to 328 Million Tons', November 21, 2016 entitled 'BFS Confirms Low Capex Project With High Financial Returns', October 17, 2016 entitled 'Discovery of Additional Major Coal Seam at Poplar Grove Mine', and December 2, 2015 entitled 'BFS Confirms Buck Creek will be a Low Capex, High Margin Coal Mine' 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, Exploration Targets, and Coal Resources is based on, and fairly represents, 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. 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 Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on, and fairly represents, information compiled or reviewed by Messrs. Justin S. Douthat and Gerard J. Enigk, both of whom are Competent Persons and are Registered Members of the Society for Mining, Metallurgy & Exploration. Messrs. Douthat and Enigk are employed by Cardno. Messrs. Douthat, and Enigk have 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 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 Exploration target, Coal Resource, Coal Reserve, 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 report have not been materially modified from the original ASX announcements.