

CAPEX SAVINGS CONFIRMED WITH FIXED PRICE EPC CONTRACT FOR MAJOR SURFACE FACILITIES

HIGHLIGHTS:

- *Paringa has signed a fixed price turnkey contract for the design, procurement, construction and commissioning of the Poplar Grove Mine's Coal Handling and Preparation Plant and barge load-out facility on the Green River*
- *Fixed price contract totals US\$21.8 million, representing capital savings of US\$1.2 million when compared to the final capital cost estimate in the BFS*
- *All major contracts for the development of the Poplar Grove Mine have now been awarded on a fixed price basis significantly reducing pricing and timing risk*
- *Follows a competitive final bidding process with the contract awarded to FMC and its subcontractor – previous key customers include Alliance, Peabody and Arch*
- *Construction of the box-cut development set to begin July 2017 and first coal production remains on-track for July 2018*
- *Paringa looks forward to providing further updates as construction progresses at the Poplar Grove Mine over the coming months*

Paringa's Managing Director and CEO, Mr. Grant Quasha, said: *"Following an exhaustive and competitive final bidding process, we have now awarded all major contracts for the construction of the permitted and fully financed Poplar Grove Mine. I am very pleased to see these contracts executed on a fixed price basis, significantly mitigating price and timing risk. We are highly confident that the total capital expenditure for the Poplar Grove Mine will come under the amount budgeted in the final BFS for which we also financed an additional 10% contingency which remains untapped."*

The construction and execution risk at the Poplar Grove Mine is extremely low as the mine is located in the heartland of the western Kentucky coal industry and the CHPP has been designed to standard industry configuration for the Western Kentucky No.9 and No.11 seams. The local presence and experience of our contractors and service providers offers additional and readily accessible expertise. We continue to make excellent additions to our construction and operations team and remain on track to commence construction at Poplar Grove Mine as planned in July 2017, with first coal production due July 2018."

Paringa Resources Limited ("**Paringa**" or "**Company**") is pleased to announce that it has signed a fixed price contract for the design, procurement, construction and commissioning of the Poplar Grove Mine's coal handling and preparation plant ("**CHPP**") and barge load-out facility on the Green River ("**EPC Contract**"). The EPC contract totals US\$21.8 million, approximately US\$1.2 million under the final capital cost estimate contained in the final Bankable Feasibility Study ("**BFS**") released to the Australian Securities Exchange ("**ASX**") on 28 March 2017.

Following a competitive final bidding process, the fixed price contract has been awarded to Fricke Management and Contracting, LLC (“**FMC**”) and their subcontractor General Mine Contracting, Inc (“**GMC**”). Both companies have considerable experience in the Illinois Basin, with key local customers including Alliance Resource Partners, Peabody Energy, Arch Coal and White Oak Resources (now owned by Alliance Resource Partners). The CHPP, which is used to remove impurities such as rock, shale and silt from the run of mine production, is designed to a standard configuration for processing the Western Kentucky No.9 and No.11 coal seams at the Poplar Grove Mine.

This contract follows the previously announced fixed price contracting philosophy encompassing the excavation of the box cut, development of the mine site area, preparation plant facility area, refuse area and the Buck Creek barge load-out area at the Green River. All major contracts for the development of the Poplar Grove Mine have now been awarded under fixed price contracts significantly minimizing pricing and timing risk. Construction of the box-cut development is set to begin July 2017 and first coal production is due July 2018.

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About FMC

FMC is an industrial and commercial construction company serving various customers in the Midwest. FMC, together with its sister companies, all wholly owned by Randall and Nancy Fricke, have been in operation for over 20 years and today employ over 150 employees. FMC is an Illinois company with offices located in Murphysboro, Illinois, nearby to Paringa’s operations.

Key coal customers of the FMC include Peabody Energy (build of the Prairie State Energy Campus in 2010), Alliance Resource Partners (design and build of the materials handling system at the Riverview mine complex in 2010), Arch Coal (design/build of raw coal handling system at the Viper mine in 2012) and White Oak Resources which is now owned by Alliance Resource Partners (design/build various projects in 2014 including the plant conveyors, concrete foundations and steel erection at White Oak).

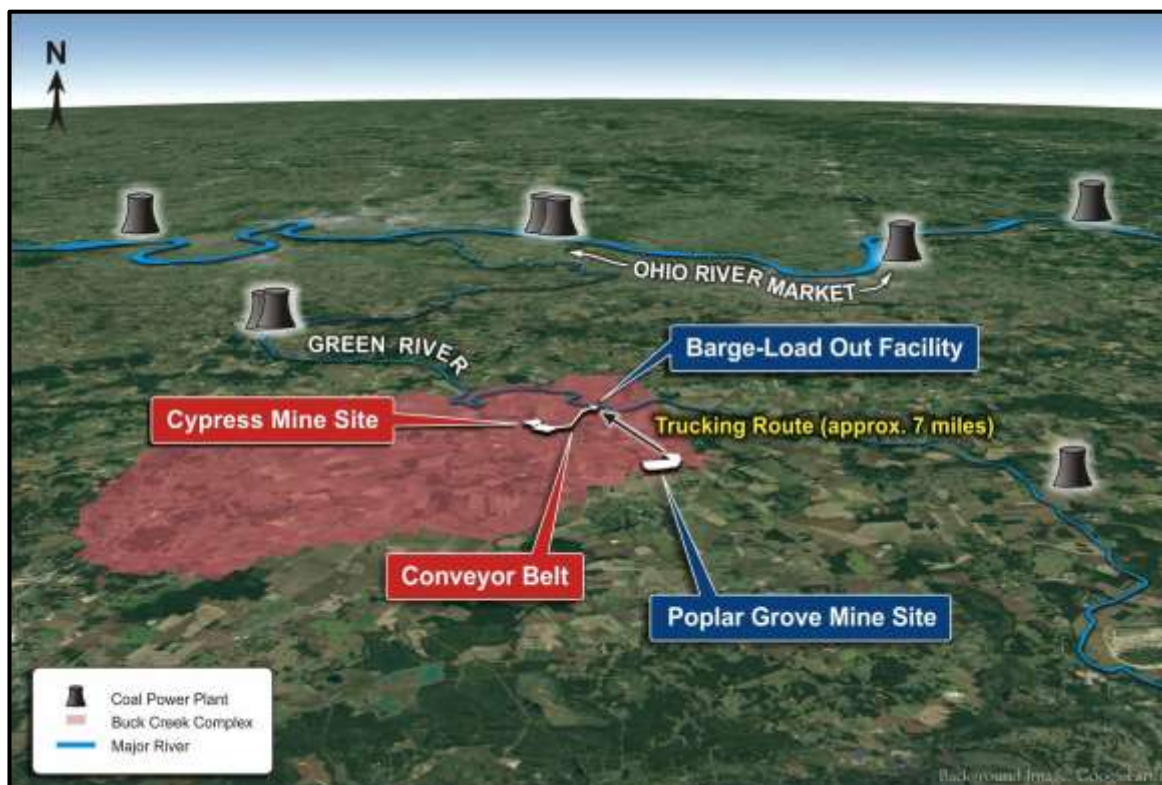


Figure 1: The Buck Creek Complex including the Permitted Poplar Grove and Cypress Mines, and Permitted Barge Load-Out Facility

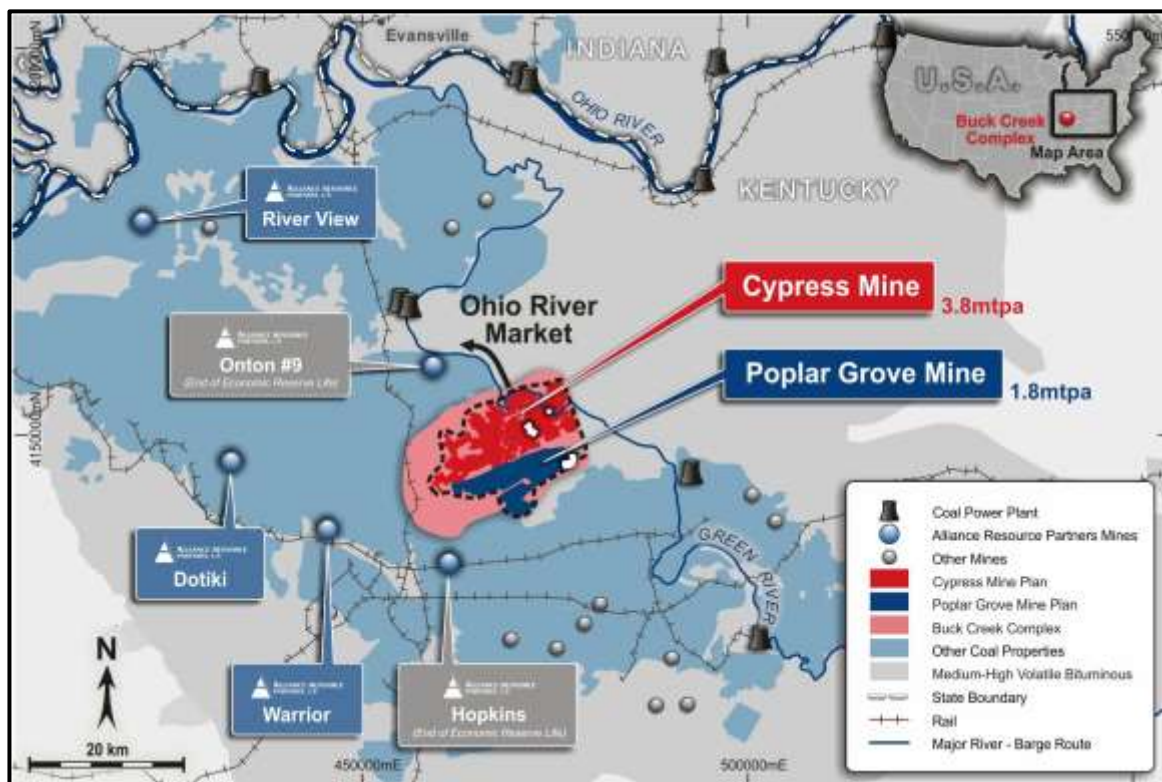


Figure 2: Map of Buck Creek Complex and Local Mining Operations in Western Kentucky (Illinois Basin)

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 announcement that relates to Exploration Results, Coal Resources, Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Paringa's ASX announcements dated March 28, 2017 entitled "Expanded BFS Results Confirms Development Pathway to A\$850 million NPV" 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 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 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 announcement have not been materially modified from the original ASX announcements.