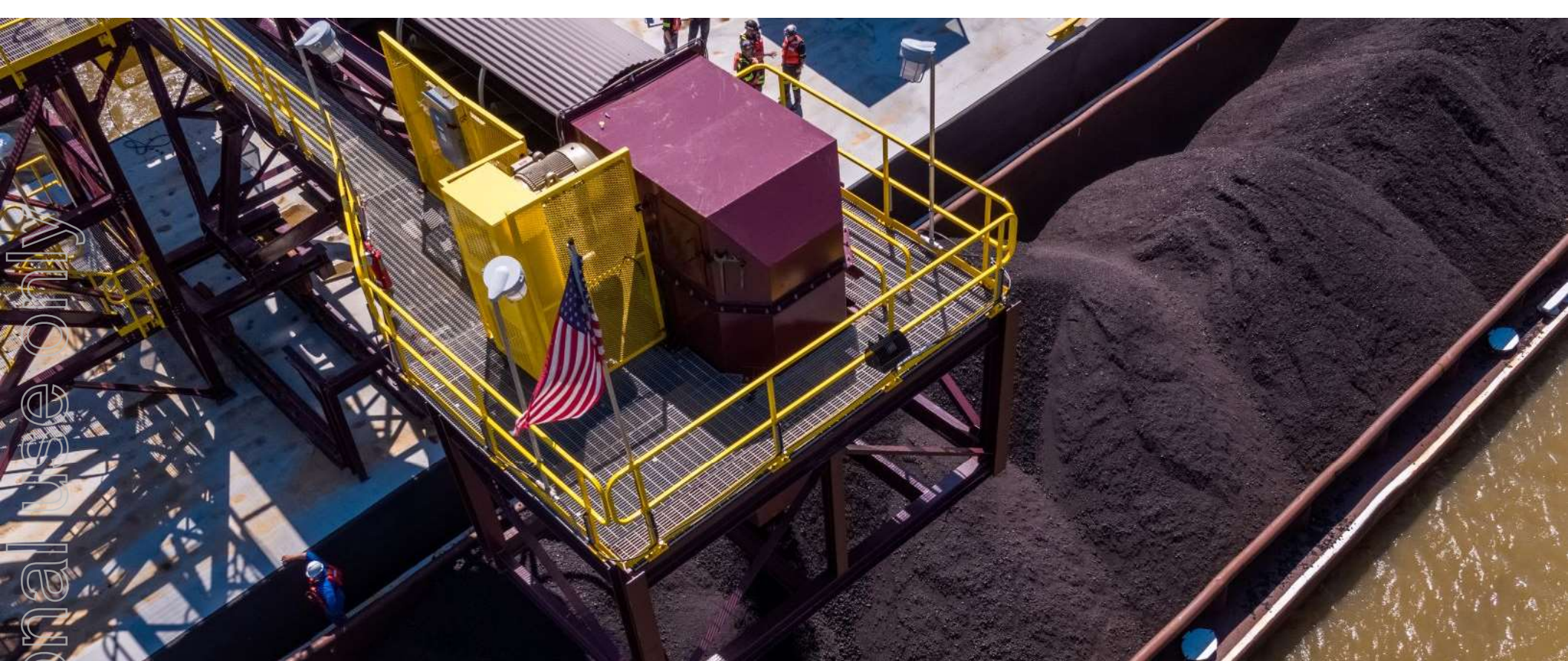


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# INVESTOR PRESENTATION

A NEW LOW-COST COAL PRODUCER IN THE ILLINOIS BASIN



PARINGA RESOURCES LIMITED

JUNE 2019

**NASDAQ:PNRL**

**ASX:PNL**

# PARINGA RESOURCES HIGHLIGHTS



## PRODUCTION

Successfully transitioned to mining and selling coal



## CONTRACTS

~60% of first 5 yrs production pre-sold



## MARKETS

A new entrant to the favourable Illinois Basin market



## COSTS

At the low end of the regional cost curve



# PARINGA RESOURCES OVERVIEW

## A NEW ILLINOIS BASIN OPERATION

- Poplar Grove in operation; pathway to 2.7 Mtpa run-rate by year end 2020
- Large reserve and resource base at Poplar Grove underpins a 25+ year mine life
- Simple mining, consistent coal seams & fixed price contracts ensure low risk cashflows
- Low company valuation based on forecast Poplar Grove cashflows, projected EV / EBITDA (2021): 1.9x
- Further upside from the shovel ready Cypress Project



# PARINGA RESOURCES OVERVIEW

## A DEEP VALUE INVESTMENT OPPORTUNITY

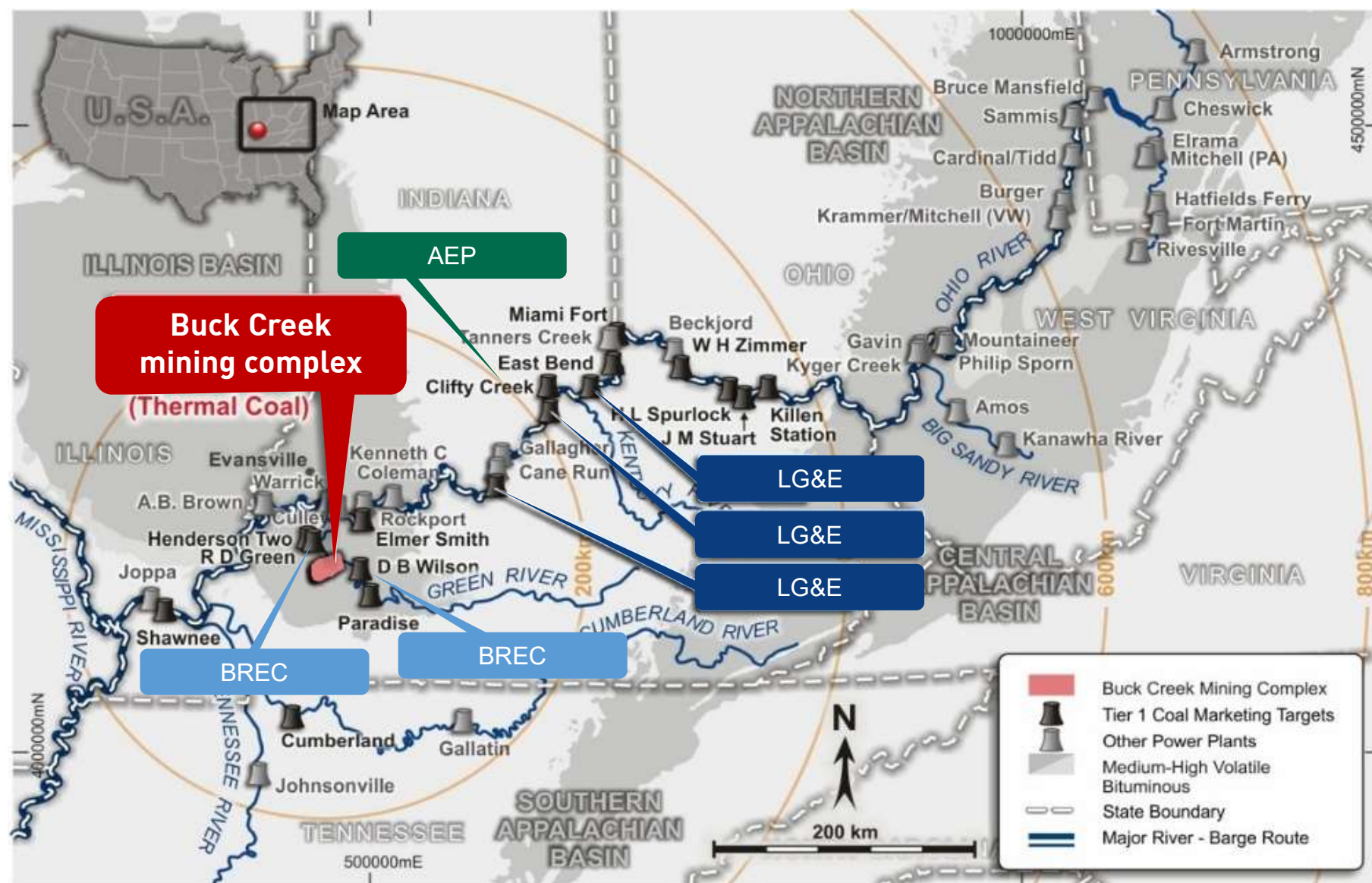
- Successfully transitioned to mining and selling coal
- A new entrant to the favourable Illinois Basin market
  - There has been a decrease in supply of coal in the Illinois Basin
  - Spare capacity in the Illinois Basin is the lowest among all major U.S. coal basins
- Fixed price contracts locked-in, covering majority of production at Poplar Grove
  - 100% of 2019 production and 95% of 2020 production under contract
  - ~60% of next 5-years production is under contract
  - High certainty for medium term cash flow
- At the low end of the regional cost curve
  - Simple, low cost operations
  - Skilled, non-union workforce in a mining friendly jurisdiction





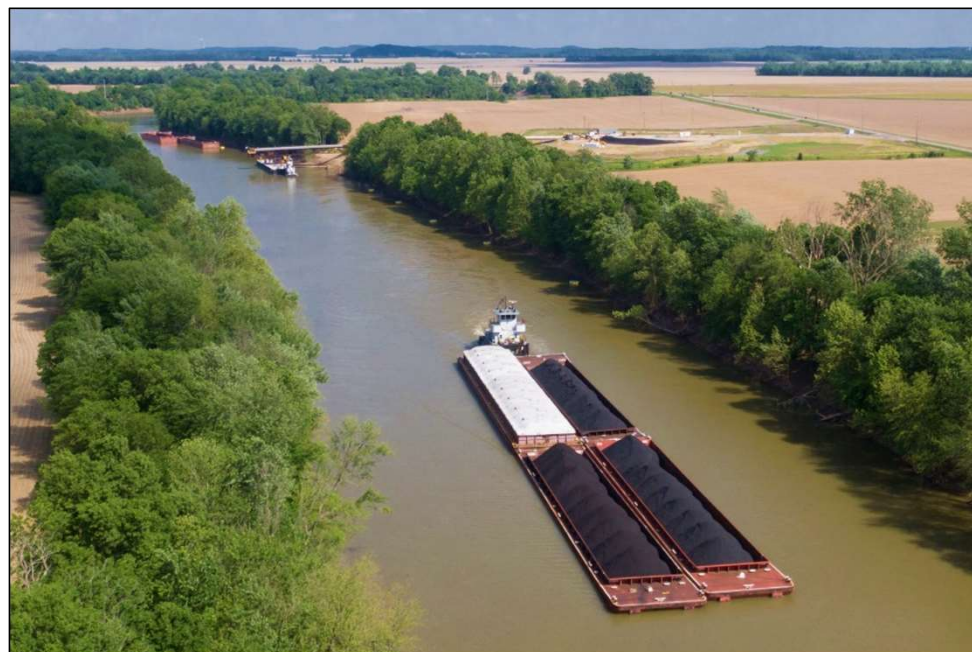
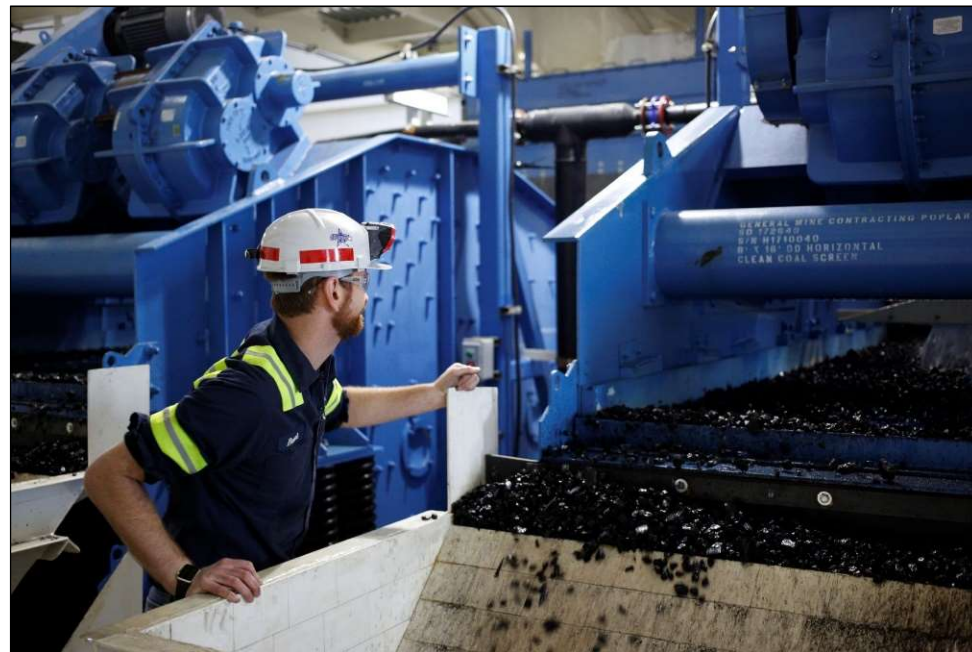
# PARINGA RESOURCES OVERVIEW

ATTRACTIVE WESTERN KENTUCKY LOCATION NEAR CUSTOMERS' POWER PLANTS





# PARINGA RESOURCES OVERVIEW



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# POPLAR GROVE: OPERATIONS

## RAMPING UP TO 2.7 Mtpa

- Began selling coal to LG&E in April 2019
- Targeting 1.8 Mtpa run-rate and free cash flow as a 2 mining unit operation before year end 2019
- Refinanced balance sheet with Tribeca Global Resources in April, providing funds to accelerate ramp-up to 1.8 Mtpa
- Targeting 2.7 Mtpa run-rate as a 3 mining unit operation in late 2020
- Tribeca Global Resources backing expansion to 2.7 Mtpa

**COAL LOADING ON THE GREEN RIVER**



**COAL HANDLING AND PROCESSING PLANT (CHPP)**

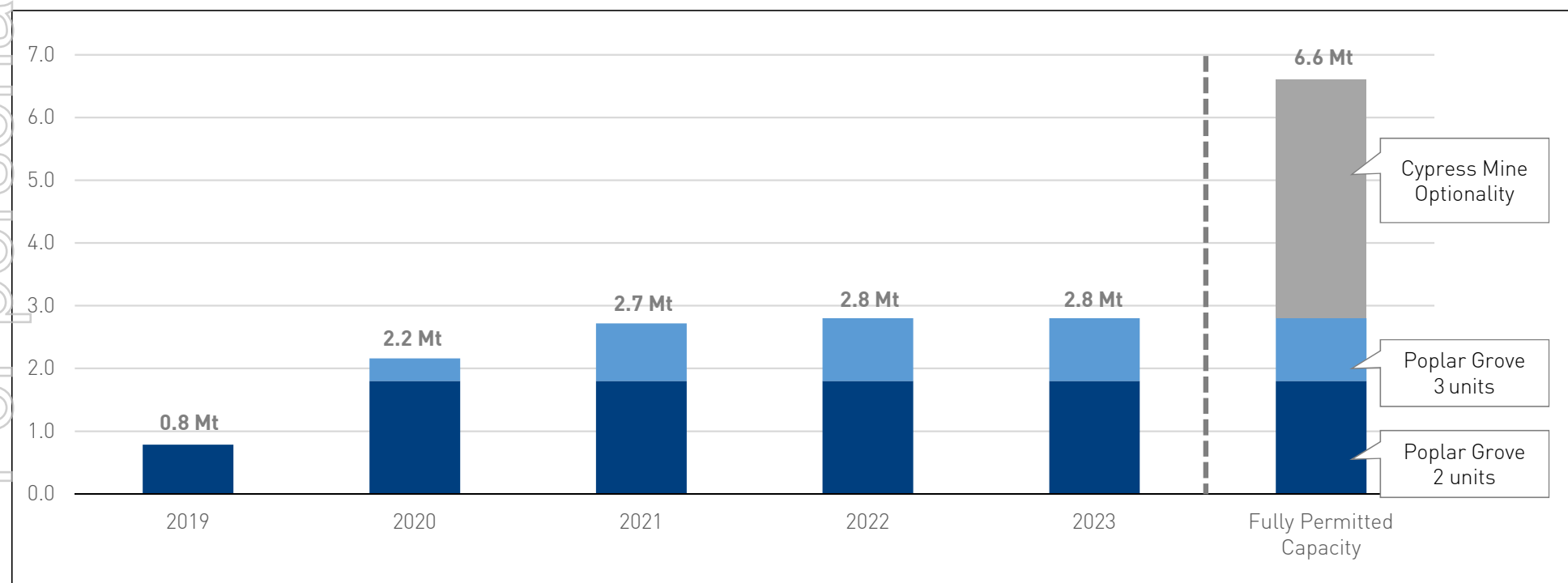


# POPLAR GROVE AND CYPRESS: GROWTH TO 6.6 Mtpa

## STRONG PRODUCTION PROFILE AND GROWTH OPTIONALITY

- Production pathway to 2.7 Mtpa run-rate by year end 2020 / 2.8 Mtpa run-rate in 2021
- Growth optionality at Cypress, potentially funded through cash flow

TARGETED PRODUCTION PROFILE & GROWTH OPTIONALITY (Mt)



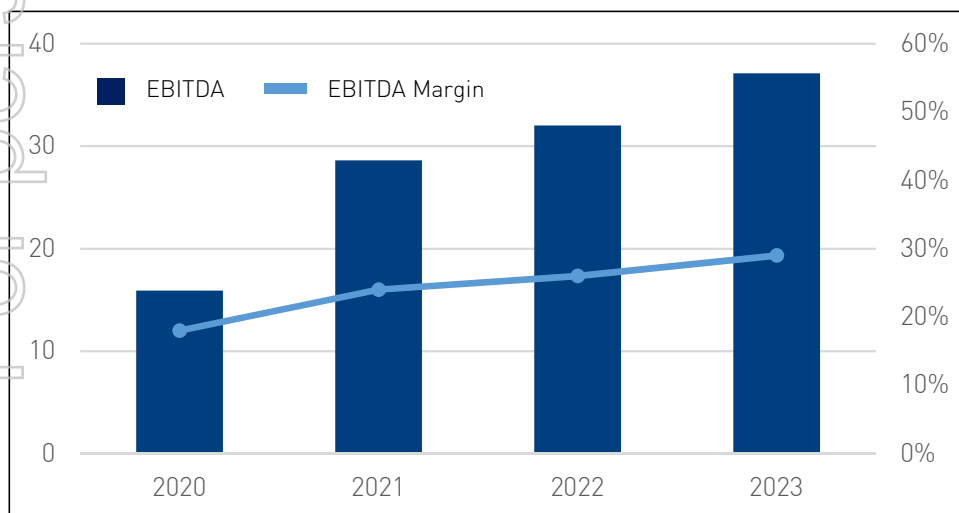


# POPLAR GROVE FINANCIALS

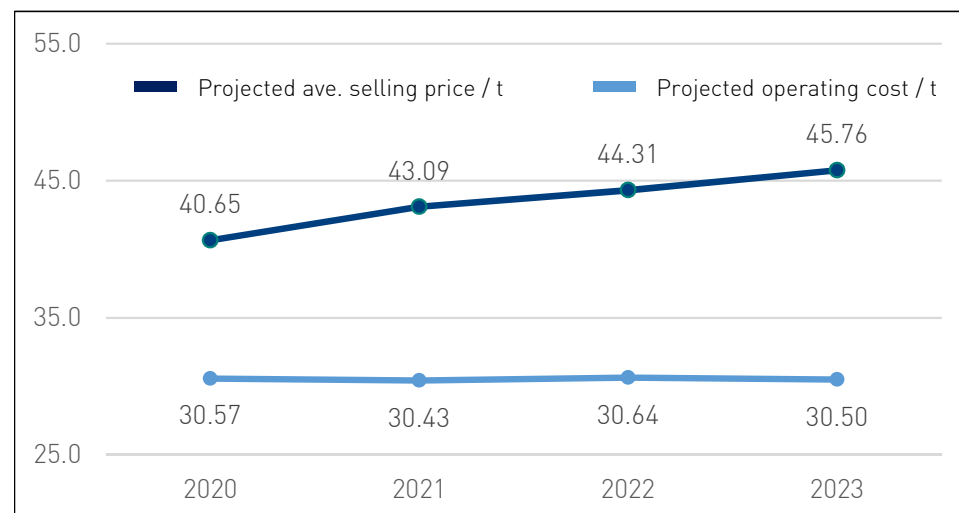
## PROJECTED HIGH EBITDA MARGINS & SIGNIFICANT FREE CASH FLOW

Year ending December 31, US\$M	2020	2021	2022	2023
Total marketable production (million tons)	2.2	2.7	2.8	2.8
Total revenue	87.8	117.0	122.5	128.4
EBITDA	15.9	28.6	32.0	37.1
Margin %	18%	24%	26%	29%
Development capital <sup>1</sup>	5.3	1.4	5.5	-
Sustaining capital	1.8	1.8	1.9	2.1
Total Capex	7.1	3.2	7.4	2.1

### PROJECTED EBITDA & EBITDA MARGINS



### PROJECTED MARKET LEADING OPERATING MARGINS <sup>2</sup>



1. Includes Unit 3 expansion capex & ventilation shafts for mine progression 2. Operating cost, excluding SG&A

# FINANCIAL INFORMATION

## NEW TERM LOAN FACILITY FUNDING RAMP-UP

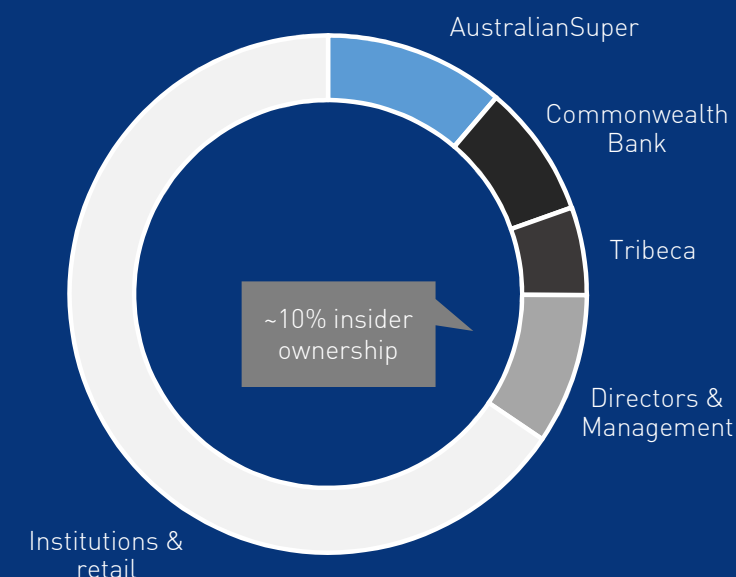
- Tribeca Global Resources backing Paringa's ramp-up
- Tranche 1: US\$40M
  - Refinanced debt and capital to accelerate ramp up to 1.8 Mtpa as a 2 mining unit operation
  - Drawn May 1, 2019
- Tranche 2: US\$16M
  - To fund expansion of 3<sup>rd</sup> mining unit at Poplar Grove upon achieving certain standard ramp-up tests
- Terms: 3 year tenor, US Prime Rate + 7.5%, bullet repayment

## CAPITAL STRUCTURE <sup>1,2</sup>

Shares on Issue	461,251,181
Unlisted Options	42,188,888
Performance Rights	16,395,000
Market Capitalisation @ A\$0.11, AUD:USD 0.70	US\$35.5m
Cash (post-debt financing)	US\$21.6m
Debt	US\$40.0m
Enterprise Value	US\$53.9m

1. As at June 12, 2019

2. Inclusive of 7m options & 3m shares subject to shareholder approval





# POPLAR GROVE: OPERATIONS

## OPERATIONS UPDATE: JUNE 2019

- The 1<sup>st</sup> mining unit operation is underway and the continuous miners in Unit 1 are performing as expected
- Unit 1 has completed the majority of bottom development, with commissioning of the ventilation overcasts, necessary to operate 2 continuous miners concurrently, being the only remaining project
- Conditions underground are generally as expected, although challenging conditions caused by a paleochannel which intersects the reserve has slowed the initial part of ramp-up
- The extent of the channel has been mapped, utilizing core drilling and in-mine observations, and Paringa expects to complete mining through the feature in the coming weeks
- Realized bit costs for continuous miners and roof bolters are expected to be ~\$1.5M p.a. lower than the BFS forecast due to softer than expected cutting conditions



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# POPLAR GROVE: OPERATIONS (cont.)

## OPERATIONS UPDATE: JUNE 2019

- All underground and surface mobile equipment necessary for Unit 2 operations is onsite, and Paringa is in the process of hiring Unit 2 hourly employees
- Productivity measured in ft. / unit shift has increased and continues to ramp towards full run-rate levels
- Recently advanced the underground conveyor, which will reduce haulage times and increase productivity
- The quality of coal being mined is consistent with expected quality specifications
- Plant yield is increasing as out of seam dilution decreases



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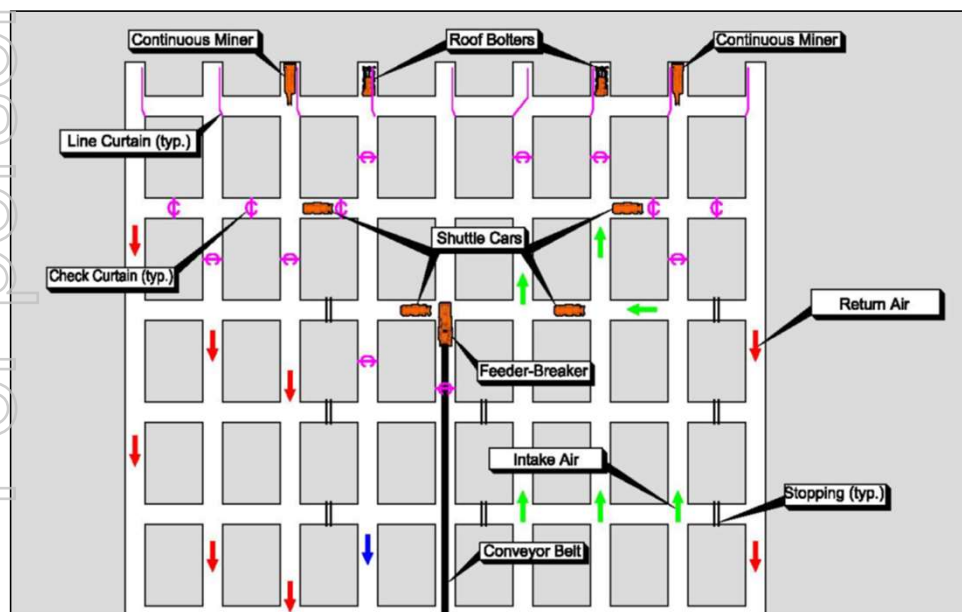


# POPLAR GROVE: OPERATIONS

## SIMPLE & WELL UNDERSTOOD ROOM AND PILLAR OPERATIONS

- Room and pillar mining is an efficient, low cost method widely employed in the ILB
- Poplar Grove operates continuous miner super-sections (“mining units”)
- Each mining unit consists of 2 continuous miners and other ancillary equipment

**TYPICAL DEVELOPMENT MINING UNIT CONFIGURATION**



**MINING UNIT EQUIPMENT LIST**

Equipment per mining super-section	Quantity
Continuous miner	2
Coal haulers (battery haulers)	4
Roof bolter	2 – 3
Feeder-Breaker	1
Scoop	2
Electrical power center	1

# POPLAR GROVE: COAL SALES CONTRACTS

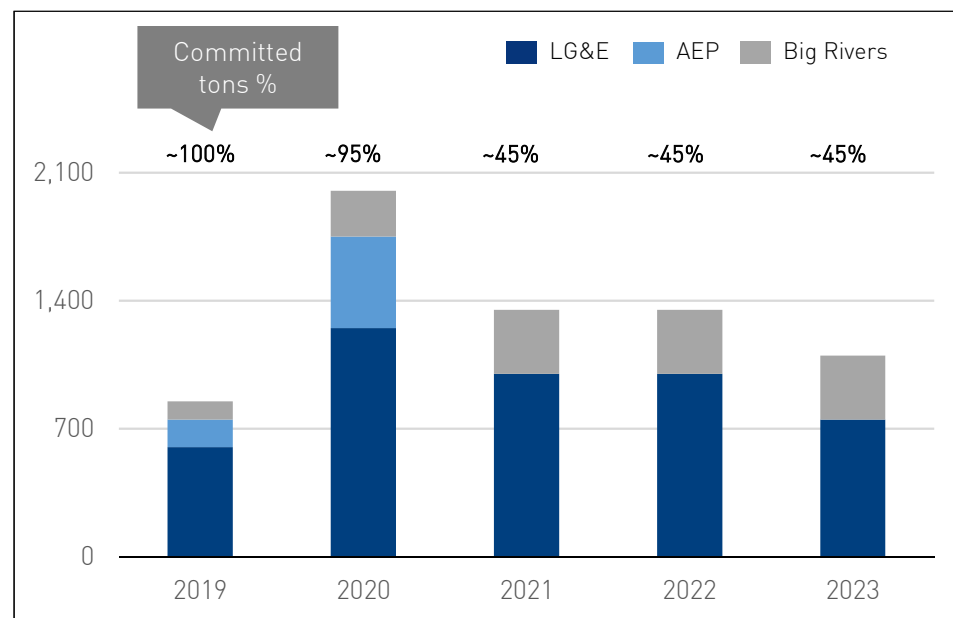
100% OF 2019 AND ~60% OF FIRST 5 YEARS PRODUCTION PRE-SOLD

- Fixed price contracts executed with major local utilities; LG&E, AEP and Big Rivers
- 100% of 2019 and ~60% of first 5 years production pre-sold
- Future sales contract negotiations focused on delivery from 2020 onwards

LG&E TRIMBLE COUNTY POWER PLANT ON THE OHIO RIVER



CONTRACTED SALES POSITION <sup>1</sup> 2019 – 2023 (Kt)



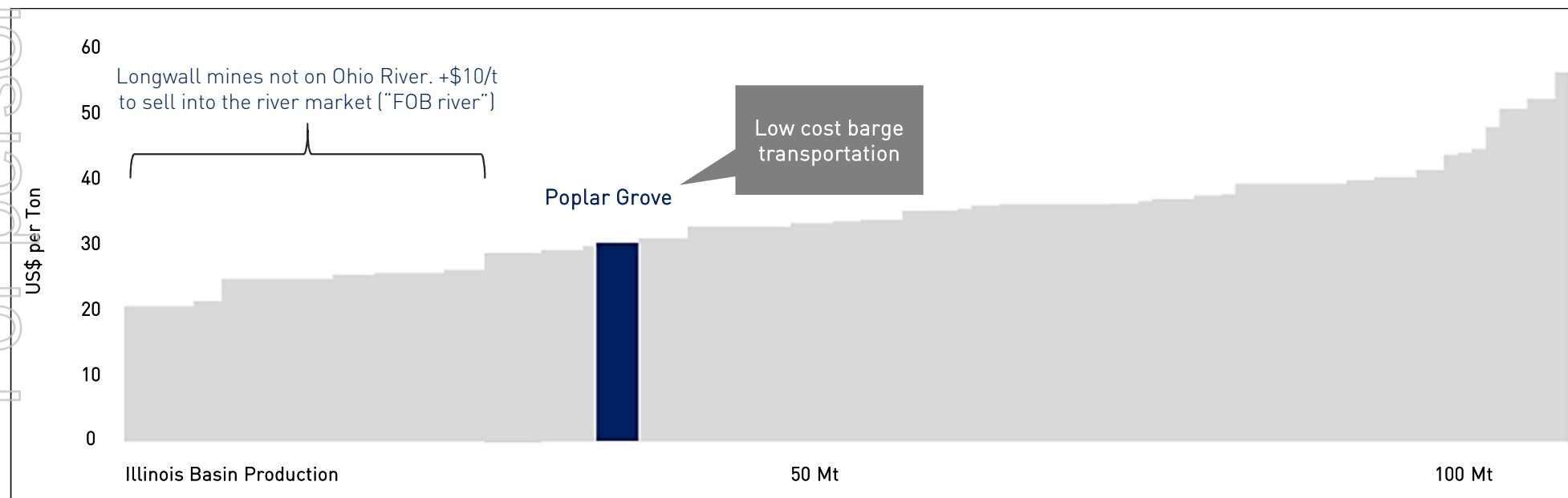


# POPLAR GROVE: COST POSITION

## POSITIONED AT THE LOW END OF THE COST CURVE

- Simple, low cost room-and-pillar mine operations & well understood processing techniques
- Skilled, non-union workforce in a mining friendly jurisdiction with low cost power & utilities
- Geological advantages lead to higher productivity & plant yield compared to neighboring mines

ILLINOIS BASIN MINE GATE COST CURVE <sup>1</sup>

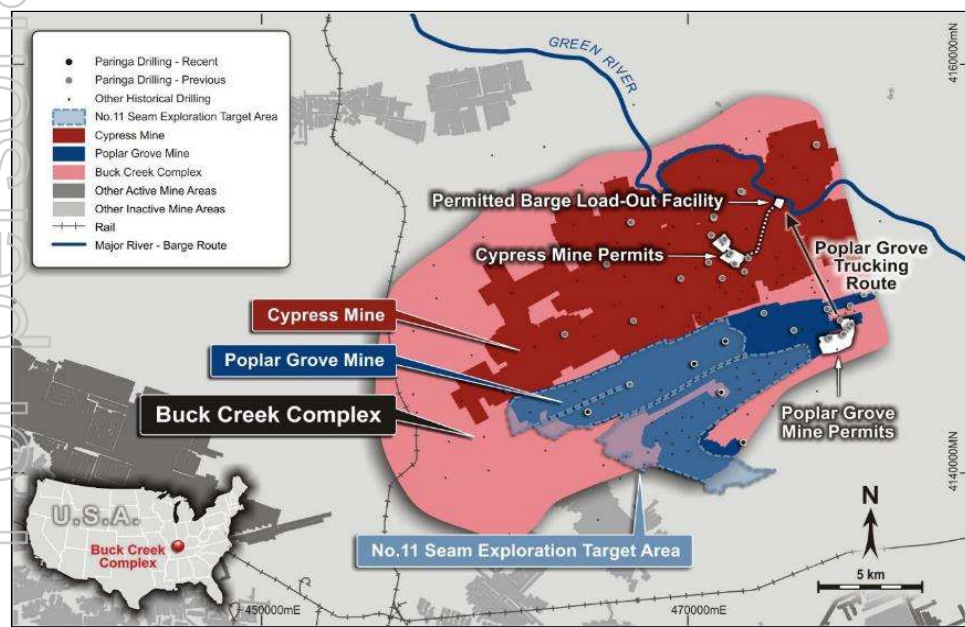


# CYPRESS MINE OVERVIEW

## OPPORTUNITY FOR RAPID FUTURE DEVELOPMENT

- The adjacent 3.8 Mtpa Cypress project is fully permitted and shovel ready
- Development options for the low cost operation are currently being assessed

### PROXIMITY TO EXISTING INFRASTRUCTURE



### CYPRESS PROJECT SUMMARY <sup>1</sup>

Metric	Value
Annual production <sup>2</sup>	3.8 Mtpa
ROM Recoverable Reserves <sup>3</sup>	86.3 Mt
Marketable Reserves <sup>4</sup>	66.2 Mt
Resources <sup>5</sup>	208.8 Mt
Mine life	18 years
Heating content	11,200 Btu/lb
Ave. product yield	76%
Mining method	Room-and-pillar

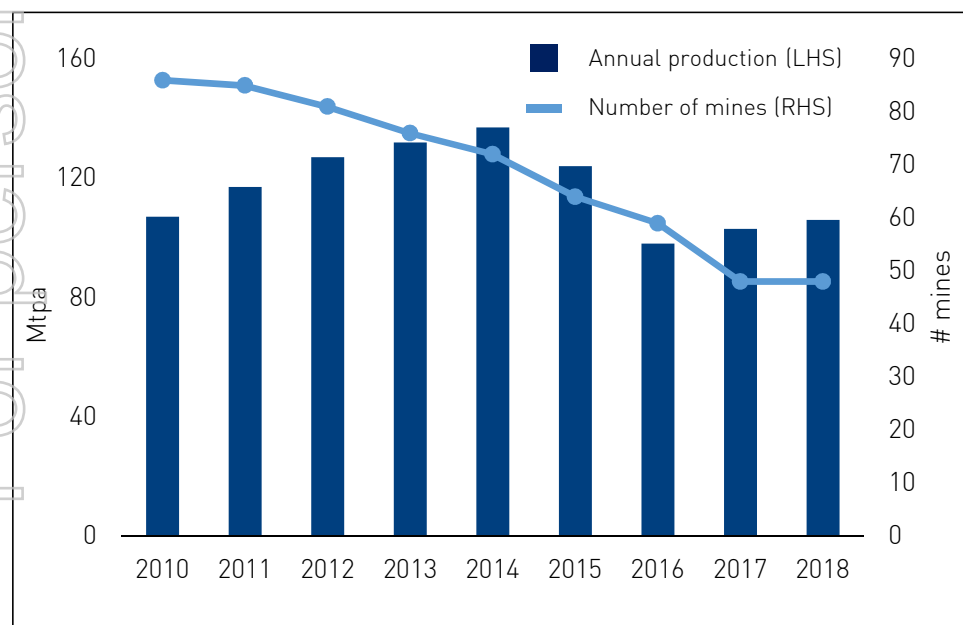
1. Per BFS 2. Steady state marketable production. 3. Comprises 22.5Mt in the Proven category and 63.8Mt in the Probable category. 4. Comprises 17.2Mt in the Proven category and 49.0Mt in the Probable category. 5. Comprises 54.8Mt in the Measured category, 154.0Mt in the Indicated category.

# ILLINOIS BASIN: SUPPLY

## UNDERINVESTMENT IN NEW MINES HAS LED TO A DECLINE IN SUPPLY

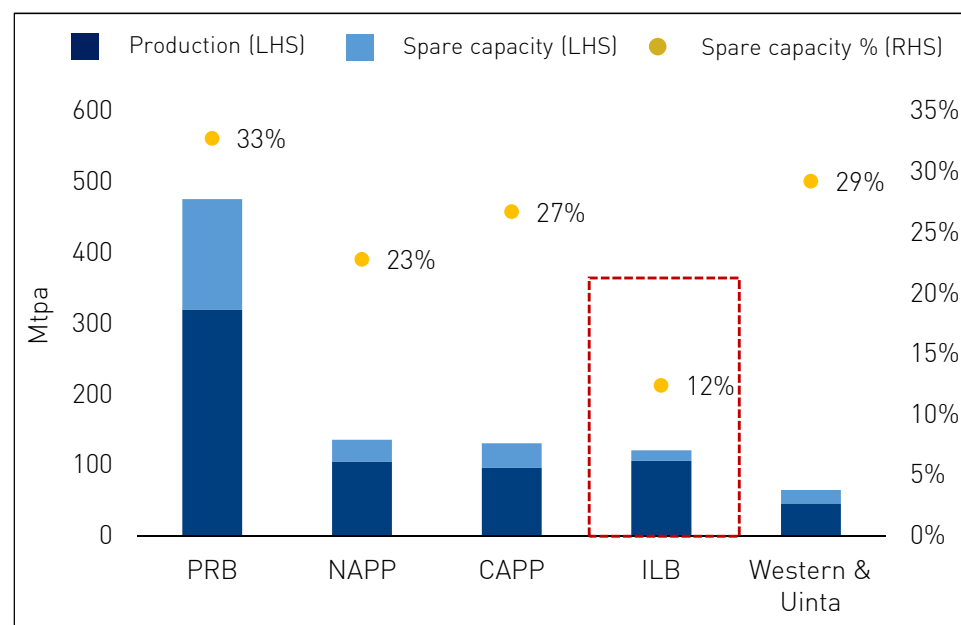
- 2018 spare capacity in the ILB was the least among all major U.S. coal basins
- The number of mines in the ILB has not yet responded to shrinking spare capacity
- Net underinvestment is a significant factor in current strong ILB market conditions

ILB PRODUCTION PROFILE 2010 – 2018



Source: EIA

2018 UTILIZATION OF CAPACITY – MAJOR U.S. COAL BASINS



Source: EIA

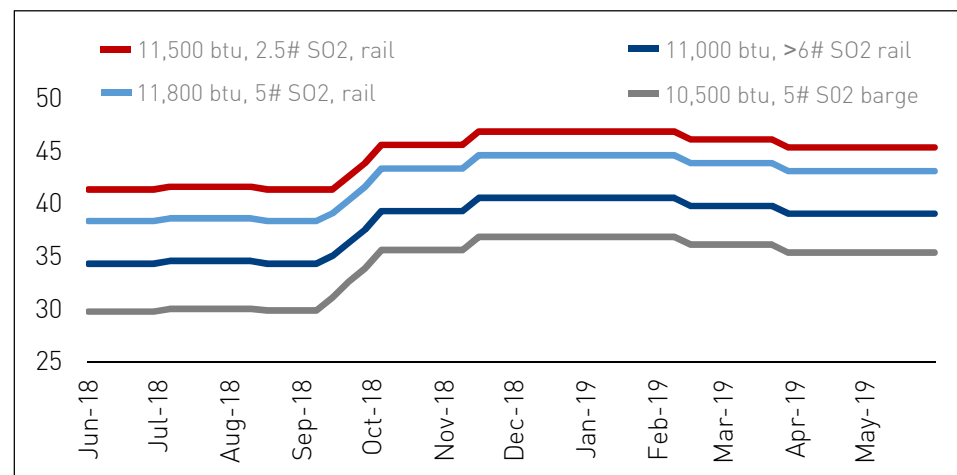


# ILLINOIS BASIN: PRICING OUTLOOK

## POSITIVE ILLINOIS BASIN THERMAL COAL PRICE OUTLOOK

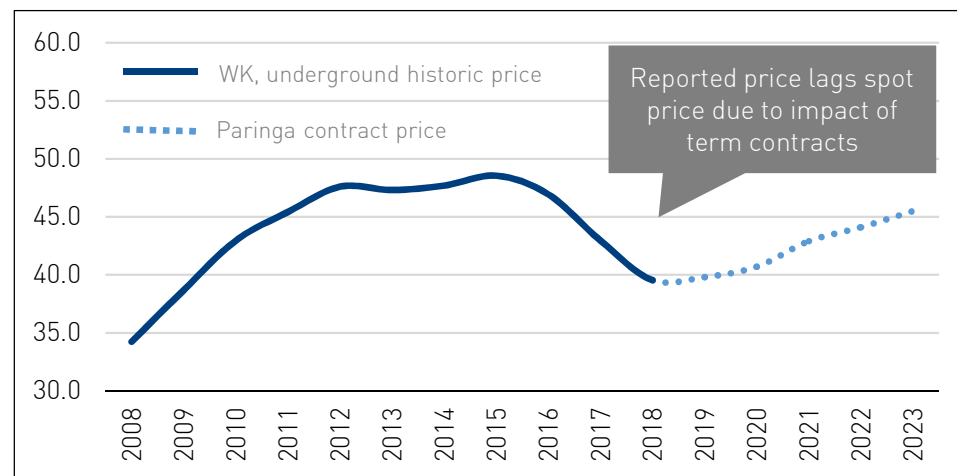
- The spot price of coal in the ILB rose nearly 20% over the last twelve months
- Strong markets continue to prevail, driven by:
  1. Net underinvestment in new mines
  2. Strong demand from export markets
  3. Coal stockpiles at historic lows

ILLINOIS BASIN COAL PRICE - LTM (US\$/t)



Source: S&P Global

WESTERN KENTUCKY UNDERGROUND COAL PRICE (US\$/t)



Source: 2009 -2017 US Energy Information Administration, 2018 Alliance Resource Partners, 2019-2023, Paringa contract pricing

# ILLINOIS BASIN: CUSTOMER OVERVIEW

## CONSOLIDATION IN THE ILB HAS LED UTILITIES TO SEEK OUT NEW SUPPLIERS

- Fixed price and volume sales contracts with regulated, investment grade counterparties operating large coal facilities with the latest SO<sub>x</sub> & NO<sub>x</sub> emissions controls
- Customers want Paringa to grow – consolidation among coal producers in the Illinois Basin has led utilities to seek out new suppliers
- There are approximately 21 power plants that receive ~20 Mt of ILB coal via barge in the immediate region
- Paringa supplies a relatively small proportion of its customer's tons, leaving room for increased sales
- Given Paringa's target customers' experience in burning WK No. 9 seam coal, and the Company's low cost barge transportation, Paringa is highly confident in its ability to secure additional coal sales contracts
- Paringa's targeted power plants provide base-load generation to the region

### CURRENT CUSTOMERS



### TIER 1 PROSPECTIVE CUSTOMER BASE

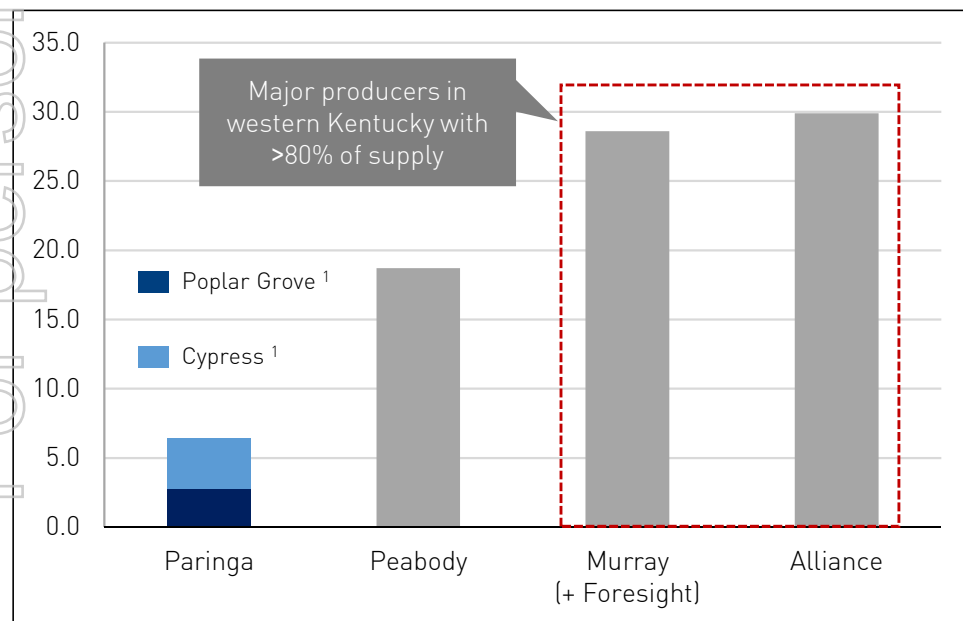


# ILLINOIS BASIN: A CONSOLIDATED MARKET

## INDEPENDENT COAL SUPPLY TO A HIGHLY CONSOLIDATED MARKET

- In Paringa's sub-region of western KY, >80% of coal is supplied by Alliance & Murray
- Consolidation in the regionally isolated market has led to stable historical pricing
- Local utilities are incentivised to contract with new suppliers, such as Paringa

SIGNIFICANT 2018 ILB COAL PRODUCERS (Mt)



Source: Doyle Trading Consultants (DTC), 2018 ILB production of 106.8Mt

OHIO RIVER & SOUTH EAST MARKETS FOR ILB COAL





# PARINGA RESOURCES: BALANCE SHEET

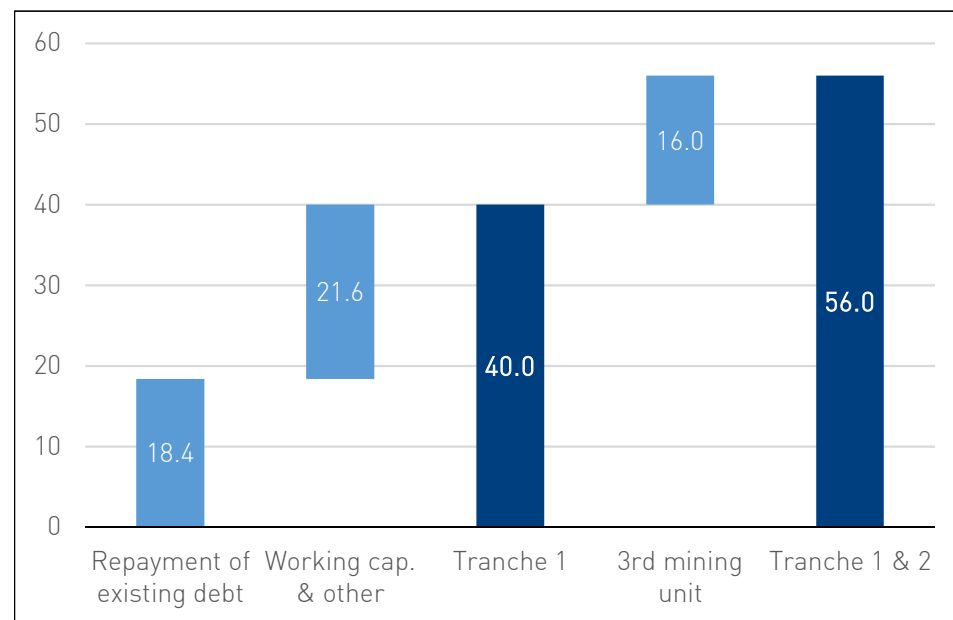
## BALANCE SHEET STRENGTH THROUGH REFINANCED DEBT FACILITY

- US\$56.0M term loan facility from Tribeca Global Resources Credit completed in May
- Tranche 1 US\$40.0M funding drawn, to ramp up to 2 units / targeting 1.8 Mtpa by late 2019
- Tranche 2 US\$16.0M undrawn, to ramp up to 3 units / targeting 2.7 Mtpa by late 2020

### KEY TERMS OF TRIBECA TERM LOAN FACILITY

Tenor	3 years
Interest rate	US Prime Rate + 7.50% margin
Security	Senior secured
Options	25M Paringa options @ A\$0.20

### USES OF TERM LOAN FACILITY FUNDING (US\$M)



# BOARD

## DEEP CORPORATE AND OPERATING EXPERIENCE

**Ian Middlemas**  
*Chairman*

- Highly respected resource executive with extensive finance, commercial and capital markets experience
- Portfolio of dozens of natural resource and commodities projects with revenues ranging from \$50 to \$500 million
- Current Chairman of Berkeley Energy Limited, Prairie Mining Ltd & former Chairman of Mantra Resources Limited & Papillon Resources Ltd

**Todd Hannigan**  
*Deputy Chairman*

- Formerly the CEO of Aston Resources Ltd and was instrumental in developing the company into one of the largest publicly listed coal companies in Australia before merging with Whitehaven Resources Limited in a deal valued at over \$5 billion
- Graduate of the University of Queensland, holds a Bachelor of Engineering (Mining) with Honours, holds a Queensland first class mine manager's certificate and has a MBA from INSEAD

**Egan Antill**  
*CEO & MD*

- Over 20-years of investment banking experience raising capital for and providing strategic advice to global Mining and Metals companies
- Formerly Managing Director, Merrill Lynch & Co., New York, and also with Evercore, Inc., Lazard Ltd. and Credit Suisse First Boston, New York
- Graduate of the University of Queensland, Bachelor of Engineering (Mechanical) and holds an MBA from Yale School of Management

**David Gay**  
*Executive Director*

- Mining Engineer with over 30 years of experience in developing coal resources projects covering the entire coal development chain and former Vice President Mergers and Acquisitions and Business Development at Alpha Natural Resources, one of the USA's largest coal producers.

**Tom Todd**  
*Director*

- Chief Financial Officer of Aston Resources from 2009 to November 2011 and prior to this role, was Chief Financial Officer of Custom Mining, where his experience included project acquisition and funding of project development for the Middlemount project to the sale of the company to Macarthur Coal
- Graduate of Imperial College, Bachelor of Physics with first class Honours

**Jonathan Hjelte**  
*Director*

- Highly respected New York-based fund manager and has extensive experience in investment and portfolio management specializing in the mining, utilities, and energy sectors. Mr Hjelte is a portfolio manager at Citadel LLC
- Graduated Summa Cum Laude from Lehigh University where he received an M.S. in Statistics and a B.S. in the Integrated Business and Engineering honors program. He also holds the Chartered Financial Analyst (CFA) designation

**Rick McCormack**  
*Director*

- Previously CEO of DRA Taggart (and Taggart Global), global leaders in coal processing plants, having constructed processing capacity in excess of 250 million tons per annum since 2000, including in the Illinois Basin
- Registered Professional Engineer and has Bachelors of Science degree in Mechanical Engineering from West Virginia University

# DISCLAIMERS

## Cautionary Statements and Important Information

This presentation does not constitute or form part of any offer to sell, or solicitation of any offer to buy, any securities in the United States or any other country. This presentation may not form the basis of any contract or commitment whatsoever with any person. Distribution of this presentation may be restricted by applicable law. In particular, only persons in the United States who are “qualified institutional buyers” (as defined in Rule 144A under the US Securities Act of 1933) may receive this presentation.

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Paringa does not purport to give financial or investment advice. No account has been taken of the objectives, financial situation or needs of any recipient of this presentation. Recipients of this presentation should carefully consider whether the securities issued by Paringa are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position.

## Cautionary note regarding reserves and resources

You should be aware that as an Australian company with securities listed on the ASX, the Company is required to report reserves and resources in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). You should note that while the Company’s reserve and resource estimates comply with the JORC Code, they may not comply with the relevant guidelines in other countries and, in particular, do not comply with (i) National Instrument 43-101 (Standards of Disclosure for Mineral Projects) of the Canadian Securities Administrators and (ii) Industry Guide 7, which governs disclosures of mineral reserves in registration statements filed with the US Securities and Exchange Commission. Information contained in this presentation describing the Company’s mineral deposits may not be comparable to similar information made public by companies subject to the reporting and disclosure requirements of Canadian or US securities laws. In particular, Industry Guide 7 does not recognise classifications other than proven and probable reserves and, as a result, the SEC generally does not permit mining companies to disclose their mineral resources in SEC filings. You should not assume that quantities reported as “resources” will be converted to reserves under the JORC Code or any other reporting regime or that the Company will be able to legally and economically extract them.

## Forward Looking Statements

Some of the statements contained in this presentation are forward looking statements. Forward looking statements include but are not limited to, statements concerning plans for its mineral projects, exploration and development activities, development plans and timing, development and operating costs, and other statements which are not historical facts. When used in this presentation, and in other published information of Paringa, the words such as “aim”, “could”, “estimate”, “expect”, “intend”, “may”, “potential”, “should” and similar expressions are forward-looking statements.

Although Paringa believes that its expectations reflected in the forward-looking statements are reasonable, such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors could cause actual results to differ from these forward looking statements include the potential that Paringa’s projects may experience technical, geological, metallurgical and mechanical problems, changes in mineral product prices and other risks not anticipated by Paringa.

## Competent Persons Statements

The information in this report that relates to Exploration Results and Coal Resources is based on, and fairly represents, information compiled or reviewed by Mr. K. Scott Keim, a Competent Person who is a Member of The American Institute of Professional Geologists. Mr. Keim is employed by MM&A. Mr. Keim 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. Mr. Keim consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Coal Reserves, Production Targets, Mining, Coal Preparation, Infrastructure and Cost Estimation is based on, and fairly represents, information compiled or reviewed by Mr. Justin S. Douthat, a Competent Person and Registered Member of the Society for Mining, Metallurgy & Exploration. Mr. Douthat is employed by MM&A. Mr. Douthat 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. Mr. Douthat consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.



# MATERIAL ASSUMPTIONS

Assumptions	Poplar Grove	Cypress
Maximum Accuracy Variation	+/- 10%	+/- 10%
Minimum LOM	25 years	18 years
Mining Method	Underground / room-and-pillar	Underground / room-and-pillar
Modelled Seam Thickness	3.7 feet (WK 9), 4.2 feet (WK 11)	3.7 feet (WK 9)
Average Mining Height	4.5 feet	4.5 feet
Total Work Days per Year	250	250
Productivity Rate (feet advance per unit shift at steady state production)	560 feet	560 feet
Annual ROM Coal Production (tons)	3.6 Mtpa	5.1 Mtpa
Capacity CHPP	400 raw tons per hour	700 raw tons per hour
Yield CHPP	76.1%	76.7%
Processing Method	Dense Media 2-stage	Dense Media 2-stage
Annual Clean Coal Production (tons)	2.8 Mtpa	3.8 Mtpa
Coal sales pricing range	\$40.00 – \$53.60 per ton	\$45.70 – \$52.35 per ton
Total Average Operating Costs (incl. Corporate Overhead)	US\$29.14 per ton	US\$27.16 per ton
Total Initial Capital Costs	Not applicable	US\$101.8 million
Total Average Sustaining Capital Costs	US\$2.06 per ton	US\$1.26 per ton
Mine Royalty (4% of Gross Sales Value less taxes and fees)	4.0%	4.0%
Leased Equipment - Operating Lease	Included in Average Direct Mining Costs	Included in Average Direct Mining Costs
Leased Equipment - Interest Rate	7%	8%
Leased Equipment - Term	5 years	3 to 5 years
Leased Equipment - Original Cost	US\$43.9 million	US\$56.7 million
Leased Equipment - Deposit	10%	0%
Leased Equipment - Residual Value	0%	20%
Kentucky State Severance Taxes	4.5%	4.5%
Coal Specification	11,200 Btu/lb	11,200 Btu/lb
Corporate / State Tax Rate	21% / 5%	21% / 5%
Discount Rate (8%, Real)	8%	8%

# COAL RESOURCES AND RESERVES

## Coal Resources (inclusive of Coal Reserves) - Buck Creek Complex

Category	Coal Resource (Mt)	Calorific Value* (Btu/lb)	Ash* (%)	Yield* (%)
Measured	103.6	11,963	8.6	91.1
Indicated	228.6	11,963	8.6	91.1
Inferred	0.7	11,963	8.6	91.1
<b>Total</b>	<b>332.9</b>	<b>11,963</b>	<b>8.6</b>	<b>91.1</b>

*\*Coal quality specifications include an addition of 4% moisture to the equilibrium moisture which is intended to represent the true moisture of a saleable product (to approximate the as received basis)*

## Coal Reserves - Buck Creek Complex

Category	Recoverable Coal Reserve* (Mt)	Marketable Coal Reserve (Mt)	Product Yield (%)
Proven	43.5	33.2	76.48
Probable	92.3	70.6	76.48
<b>Total</b>	<b>135.7</b>	<b>103.8</b>	<b>76.48</b>

*\*Includes dilution*

The information that relates to Coal Resources and Coal Reserves was extracted from Paringa's 'Mineral Resources and Ore Reserves Statement' dated June 30, 2018 as included in Paringa's '2018 Annual Report' which is available to view on the Company's website at [www.paringaresources.com](http://www.paringaresources.com).



## PARINGA RESOURCES LIMITED

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