

Discovery Of Additional Major Coal Seam Transforms Poplar Grove Mine

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HIGHLIGHTS:

- *Additional major contiguous coal seam (WK No.11) discovered approximately 65 to 80 feet above Poplar Grove's WK No.9 seam as a result of a recent drilling program*
- *Potential to access the WK No.11 seam from the planned underground mine operations for Poplar Grove's WK No.9 seam may significantly increase the capacity of the low-capex 1.8 Mtpa mine*
- *Coal seam thickness of the WK No.11 seam averages 5.0 feet with clean coal quality characteristics similar to the Poplar Grove Mine's WK No.9 seam product*
- *Alliance's 9.1 Mtpa River View mine (40 miles northwest of Poplar Grove) 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*
- *Paringa will now undertake further drilling for the WK No.11 seam to complete the geological model and to assess the potential for a two coal seam operation at Poplar Grove*
- *The addition of the WK No.11 seam at Poplar Grove significantly enhances Paringa's strategy in undertaking staged, low-capex mine developments to ultimately become the next major Illinois Basin coal producer. Paringa's President and CEO, Mr. David Gay, said: "The discovery of the WK No.11 coal seam above Poplar Grove's WK No.9 seam is a game changer for Paringa. The ability to significantly increase the capacity at Poplar Grove for minimal capex truly transforms the mine and significantly increases the strategic nature of the Buck Creek Complex. This discovery reinforces that Buck Creek is undoubtedly the best undeveloped thermal coal project in the United States."*

"We are seeing significant improvements in the US thermal coal market with natural gas prices almost doubling from their March lows, widespread evidence of higher long term contract prices and significantly improved general investor sentiment for thermal coal in the US. In the history of Paringa, this is the most exciting time to be funding the best undeveloped thermal coal project in the US and we will continue to focus on the most optimal way to bring Poplar Grove into production."

"The addition of the WK No.11 seam at Poplar Grove significantly enhances Paringa's strategy in undertaking staged, low-capex mine developments to ultimately become the next major Illinois Basin coal producer."

Photo - <http://photos.prnewswire.com/prnh/20161019/430417-INFO>

Next Steps

Paringa will immediately conduct additional exploration drilling at the Poplar Grove Mine's WK No.11 seam with additional coal quality results expected. The first stage of this additional exploration will commence during the fourth quarter of 2016 and will include at least 6 additional seam measurements.

Paringa will be completing the geological model of the WK No.11 seam and will also fast-track the assessment of a potential two seam coal operation at Poplar Grove, mining both the WK No.9 and No.11 seams. Alliance's River View mine operates by mining both the WK No.11 and No.9 coal seams and is the most productive underground room-and-pillar mine in the US.

Introduction

Paringa Resources Limited ("**Paringa**" or "**Company**") (ASX: PNL | OTCQX: PNGZF) is pleased to advise that it has discovered the contiguous Western Kentucky No.11 ("**WK No.11**") coal seam within the Poplar Grove project area. This discovery is set to transform the economics of the Poplar Grove Mine and the Buck Creek Complex.

Paringa's proposed 1.8 million ton per annum ("**Mtpa**") Poplar Grove Mine for the Western Kentucky No.9 ("**WK No.9**") seam, is located immediately south of the Company's proposed 3.8 Mtpa Cypress Mine, also in the WK No.9 seam, with both mines located within the Buck Creek Complex.

Core drilling has intersected the WK No.11 seam approximately 65 to 80 feet above Poplar Grove's WK No.9 seam. Coal seam thickness recorded from recent and historical drill holes of the WK No.11 averages 5.0 feet with clean coal quality characteristics similar to the Poplar Grove Mine's WK No.9 seam.

The close proximity of the two coal seams allows Paringa to potentially access the WK No.11 seam from the planned WK No.9 seam mine works, which may significantly increase the capacity of the planned 1.8Mtpa Poplar Grove Mine.

An Exploration Target for the Poplar Grove WK No.11 seam has been estimated to be between an additional 85 to 110 million tons with in-situ quality estimated to range from

12,000 to 12,200 Btu/lb. The potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Photo - <http://photos.prnewswire.com/prnh/20161019/430416-INFO>

Alliance's 9.1 Mtpa River View operation, approximately 40 miles northwest from Poplar Grove, mines both the WK No.11 and No.9 coal seams and processes the Run of Mine ("ROM") coal through one coal processing facility as both seams have similar coal quality characteristics. The River View mine is the most productive underground room-and-pillar coal mine in the US.

Paringa will now undertake additional drilling program for the WK No.11 seam to update the geological model and to assess the potential for a two coal seam operation at Poplar Grove. The first stage of this additional drilling will commence during the fourth quarter of 2016.

Preliminary Drilling Results of Poplar Grove's No.11 Seam

Paringa conducted a 5 hole drilling program to add further coal quality data for Poplar Grove's WK No.9 coal seam, and during this drilling, the WK No.11 seam was intersected approximately 65 feet (20 meters) to 80 feet (24 meters) above the WK No.9 coal seam.

The weighted average coal thickness of the WK No.11 seam recorded during this drilling campaign was 5.0 feet, a highly suitable seam thickness for high-productivity underground room-and-pillar mining.

Table 1: Coal Seam Thickness of WK No.11 Drill Holes at Poplar Grove			
Hole	Distance from Surface (feet)	Distance from Surface (metres)	Seam Thickness (feet)
<i>Recent Drilling Campaign</i>			
HMG-24	821.4 feet	250.5 meters	4.1 feet
HMG-25	774.8	236.3	4.9
HMG-26	686.2	209.3	5.2
HMG-27	389.4	118.8	5.1
<i>Historical WK No.11 Coal Seam Intercepts</i>			
3	237.3	72.4	5.0
72326	724.5	221.0	5.5
111968	666.0	203.1	5.5
137119	729.5	222.5	5.5
BCR-1	678.2	206.9	5.8
BCR-10	736.9	224.8	3.9
BCR-2	830.4	253.3	5.7
BCR-3	743.2	226.7	5.4
HMG-09	795.5	242.6	5.3
Average of WK No.11 Coal Seam Thickness at Poplar Grove			5.0

Note: the location of HMG-28 drill hole was located outside the Exploration Target area and therefore did not intersect the WK No.11 seam.

Mining conditions for the WK No.11 coal seam appears to be excellent with the immediate roof consisting of a black shale horizon overlain by an extremely competent limestone. In general, the WK No.11 Seam is about one foot thicker than the WK No.9 coal seam in the Poplar Grove area.

Preliminary coal quality results from the 2016 drilling of the WK No.11 seam at Poplar Grove demonstrates particularly attractive coal quality properties compared to existing and new mines being developed in the Illinois Basin. On a product basis, together with a 4% addition to equilibrium moisture, results for HMG-26 and HMG-27 show a high average heat content of 12,307 Btu/lb (6,842 kcal/kg) which compares very favourably with other producing mines in the Illinois Basin.

Hole	Washed Core Quality (Equilibrium Moisture +4%)			
	Heating Content (Btu/lb)	Ash	Sulphur	EQ Moisture
HMG-26	12,685	6.52%	3.30%	7.70%
HMG-27	11,929	8.33%	3.00%	10.10%
Average	12,307	7.43%	3.15%	8.90%

Coal qualities for the WK No.11 Seam are expected to be similar to the WK No.9 Seam with slightly higher raw ash and slightly lower washed ash. Washed coal quality data has been received for HMG-26 and HMG-27. The coal samples were shipped to SGS North America Inc., an ISO 9001 certified laboratory located in Henderson, Kentucky, for analysis.

There are over 1,200 drill intercepts of the WK No.9 and WK No.11 coal seam throughout the Buck Creek Complex.

Exploration Target Modelling

The Exploration Target is located in the West Kentucky Coal Fields, which is part of the Illinois Basin. The thickest and most continuous coal seams, including that identified within the Exploration Target, are found in the Carbondale Formation. The Carbondale Formation consists largely of shale, sandstone siltstone, limestone and to a lesser extent fireclays and coal.

Coal seams dip, on average, 2.0 to 3.0 degrees toward the center of the basin which lies toward the northwest portion of the property. Core recoveries for the holes drilled by Paringa were monitored and were generally greater than 95%. Coal core samples used for quality analysis contained greater than 95% recovery. All Paringa core recovery thickness was reconciled with the thickness interpreted from geophysical logs. All coal intersection data used within the Exploration Target has been cross referenced with the lithological and geophysical logs by Cardno.

These average quality values were tabulated in Microsoft Excel utilizing an arithmetic average. Qualities for each core hole include an addition of 4 percent moisture to the equilibrium moisture, which is intended to represent the true moisture of a saleable product (to approximate the As Received (AR) basis).

An Exploration Target for the Poplar Grove WK No.11 seam has been estimated to be between 85 to 110 million tons with in-situ heating content ranging from 12,000 to 12,200 Btu/lb and ash ranging from 6.53% to 8.33% on an AR basis. The potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource,

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