

PNL

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NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

23 October 2019

Dear Shareholder

PARINGA RESOURCES LIMITED ENTITLEMENT OFFER – NOTIFICATION TO ELIGIBLE SHAREHOLDERS

I am writing to you as the registered holder of shares with a registered address in Australia and New Zealand in Paringa Resources Limited (**Paringa** or the **Company**).

On Monday, 21 October 2019, the Company announced a non-renounceable pro rata entitlement offer on the basis of one new fully paid ordinary share (**New Share**) for every five fully paid ordinary shares in the Company (**Share**) held by eligible shareholders at an issue price of A\$0.05 per New Share to raise approximately A\$5.1 million (before costs) (**Entitlement Offer**).

The Entitlement Offer

The Entitlement Offer will be made by way of an offer document pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus needs to be prepared (**Offer Document**).

The Entitlement Offer is being made to Eligible Shareholders (as defined below) on the basis of one New Share for every five existing ordinary shares held at 5.00pm (WST) on Friday, 25 October 2019 (**Record Date**), at an offer price of A\$0.05 per New Share.

The Entitlement Offer is fully underwritten by Argonaut Capital Limited. The agreed underwriting fee is 5%.

The Company will use the proceeds raised from the Entitlement Offer (after costs) to fund Poplar Grove's ongoing mine ramp-up to positive cashflow, to satisfy the US\$5 million equity raising (after costs) condition of the proposed US\$9 million royalty financing from Tribeca Global Resources Credit Ltd and proposed amendments to the Term Loan Facility Agreement between the Company and Tribeca Global Resources Credit Pty Ltd (as agent), and for general working capital purposes.

An Eligible Shareholder is a holder of ordinary shares who:

- (a) was a registered holder of ordinary shares in the Company as at 5.00pm (WST) on the Record Date;
- (b) has a registered address in Australia or New Zealand;
- (c) is not in the United States and is not acting for the account or benefit of any person in the United States; and
- (d) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

As a non-renounceable offer, rights are not tradeable on the ASX or otherwise transferable. New Shares will rank equally with the Company's existing Shares.

Indicative Timetable

The indicative timetable for the Entitlement Offer is as follows:

Event	Date
Announcement of Entitlement Offer	Monday, 21 October 2019
Shares quoted on an "Ex" basis	Thursday, 24 October 2019
Record Date (5.00pm WST)	Friday, 25 October 2019
Opening Date of Entitlement Offer and despatch of Offer Document and Entitlement and Acceptance Form	Tuesday, 29 October 2019
Closing Date of Entitlement Offer (5:00pm WST)	Friday, 8 November 2019
Anticipated date for issue of the New Shares	Thursday, 14 November 2019
Anticipated date for despatch of holding statements	Friday, 15 November 2019

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the directors reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares. The directors also reserve the right not to proceed with the whole or part of the offers at any time prior to allotment. In that event, the relevant application monies will be returned without interest in accordance with the Corporations Act.

Shortfall Offer

Any New Shares under the Entitlement Offer that are not applied for will form the shortfall shares (**Shortfall Offer**). The Shortfall Offer will be a separate offer made pursuant to the Offer Document. The issue price of the Shortfall Shares will be A\$0.05 each, being the same price as the New Shares being offered under the Entitlement Offer.



Offer Document

The Company lodged the Offer Document with ASX on Monday, 21 October 2019, and it is available on the ASX website at www.asx.com.au and also on the Company's website at www.paringaresources.com. The Company expects to dispatch the Offer Document to shareholders of the Company on or about Tuesday, 29 October 2019. The Offer Document will provide further details of the Entitlement Offer and the Shortfall Offer in detail.

The Offer Document will be enclosed with a personalised **Entitlement and Acceptance Form**, which will set out the number of Shares which you are entitled to under the Entitlement Offer, details of payment options and other instructions. Please read and follow these instructions carefully to ensure your acceptance is completed according to your intentions. Please note the Closing Date of 5.00pm (WST) on Friday, 8 November 2019, which is the deadline by which your completed Entitlement and Acceptance Form and application monies (in full) must be received. If you wish to apply for additional Shortfall Shares (in excess of your entitlement), you may do so by completing the relevant section on your Entitlement and Acceptance Form.

If you have any queries in relation to the Entitlement Offer or the Shortfall Offer, please do not hesitate to contact the Company Secretary of Paringa, Gregory Swan, on 61 8 9322 6322.

On behalf of the Board, we thank you for your continued support of the Company.

Yours faithfully



Gregory Swan
Company Secretary

Important Notices

This notice is issued by Paringa Resources Limited. This notice is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Paringa in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of Paringa ordinary shares.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other country. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

Because of legal restrictions, you must not send copies of this letter or any material in relation to the Entitlement Offer to any person outside Australia or New Zealand. Failure to comply with these restrictions may result in violations of applicable securities law.

The provision of this document is not, and should not be considered as, a securities recommendation or financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on the information, you should consider the appropriateness of the information, having regard to your objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.