



ABN 84 108 003 890

NOTICE OF ANNUAL GENERAL MEETING

Date: 26 November 2014
Time: 10.30 am (Sydney time)
Place: Lachlan Room
Pullman Quay Grand
61 Macquarie Street
East Circular Quay
SYDNEY NSW 2000

The following documents relate to the Annual General Meeting of Shareholders:

- Notice of how to access a copy of the Company's electronic Annual Report for the year ended 30 June 2014;
- Notice of Meeting for the Annual General Meeting, including the Explanatory Memorandum; and
- Proxy Form and return envelope.

If you are attending the Annual General Meeting in Sydney and have not lodged a Proxy Form, please bring the Proxy Form with you to assist with registration.

If you are not attending the Annual General Meeting in Sydney, you can lodge a completed Proxy Form by returning it in the enclosed envelope or alternatively by facsimile. Alternatively, you may submit your proxy instructions electronically by visiting www.votingonline.com.au/reyresourcesagm2014

Please be aware that the Proxy Form needs to be received by the Rey Resources Share Registrar by no later than 10.30 am (Sydney time) on 24 November 2014. Further details on lodging your Proxy Form can be found on the reverse side of the Proxy Form.

NOTICE OF HOW TO ACCESS A COPY OF THE COMPANY'S ELECTRONIC ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

Rey Resources has adopted regulations that enable the Company to make copies of the Annual Report available electronically, unless a shareholder elects to continue to receive a hard copy.

In accordance with the Corporations Act, the Company advises that a copy of its Annual Report for the year ended 30 June 2014 is available on the Rey Resources website, www.reyresources.com. When you access the Company's Annual Report on-line, you can view it, search for specific information and print a copy of the Annual Report.

Please note that if you have elected to continue to receive a hard copy of the Company's Annual Report, it will be mailed to you no later than 28 days before the Annual General Meeting.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Report and now (or sometime in the future) wish to receive a hard copy of the Company's Annual Report, then please contact the Company's Share Registrar on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

The Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of Rey Resources Limited (**Rey Resources** or the **Company**) will be held at the Lachlan Room, Pullman Quay Grand, 61 Macquarie Street, East Circular Quay, Sydney, New South Wales, on 26 November 2014 at 10.30 am (Sydney time).

Terms used in this Notice and Explanatory Memorandum are defined in the glossary to this document.

The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the Annual General Meeting.

AGENDA

Annual Financial Statements

To receive and consider the Financial Statements, the Directors' Report and the Audit Report (**Annual Financial Statements**) of Rey Resources for the financial year ended 30 June 2014.

Other Business

1. Adoption of the Remuneration Report (non-binding resolution)

To consider and, if thought fit, to pass the following as an advisory resolution:

"That the Remuneration Report (which is contained in the Rey Resources 2014 Annual Report) for the financial year ended 30 June 2014 be adopted."

2. Election of Director – Mr Jin Wei

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That Mr Jin Wei, having been appointed as an additional Director of the Company on 2 December 2013, who ceases to hold office in accordance with Clause 11.3(a) of the Company's Constitution and, being eligible, offers himself for election, be elected as a Director of the Company."

3. Approval of the Executive Incentive Rights Plan

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.2, Exception 9(b), and for all other purposes, the grant of EIRP Rights and the allotment and issue of Shares upon exercise or vesting of the EIRP Rights under the terms of the Rey Resources Limited Executive Incentive Rights Plan (EIRP) and the terms of the EIRP as detailed in the Explanatory Memorandum are approved."

4. Approval of the grant of performance rights under the Executive Incentive Rights Plan to Mr Kevin Wilson

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval be given for the Company to grant a maximum of 1 million EIRP Rights to Mr Kevin Wilson and for the issue of Shares upon the vesting of those EIRP Rights under the terms of the EIRP, as detailed in the Explanatory Memorandum."

5. Ratification of issue of 13,373,179 Shares under Listing Rule 7.1

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the allotment and issue of 13,373,179 Shares to the parties and on the terms and conditions set out in the Explanatory Memorandum."

6. Ratification of issue of 16,481,189 Shares under Listing Rule 7.1A

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the allotment and issue of 16,481,189 Shares to the parties and on the terms and conditions set out in the Explanatory Memorandum."

7. Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass the following as a special resolution:

"That, for the purpose of Listing Rule 7.1A and all other purposes, approval be given for the allotment and issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula set out in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

8. Approval to issue Shares to Luxe Hill Ltd

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1 million Shares to Luxe Hill Ltd, a nominee of Ms Min Yang, on the terms and conditions set out in the Explanatory Memorandum."

9. Approval to issue Shares to Gold Star Industry Ltd

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1 million Shares to Gold Star Industry Ltd, a nominee of Mr Geoff Baker, on the terms and conditions set out in the Explanatory Memorandum."

10. Approval to issue Shares to Mr Dachun Zhang

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 500,000 Shares to Mr Dachun Zhang (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

11. Approval to issue Shares to Renown Capital Holdings Ltd

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1 million Shares to Renown Capital Holdings Ltd, a nominee of Mr Jin Wei, on the terms and conditions set out in the Explanatory Memorandum.”

NOTES

Important notice in relation to proxies

Shareholders should have regard to the important information below if they intend to appoint as a proxy.

Resolutions 1, 3, 4, 8, 9, 10 and 11 relate directly or indirectly to the remuneration of Key Management Personnel. Accordingly:

- If the Chairman is to act as your proxy in relation to Resolutions 1, 3, 4, 8, 9, 10 and 11 (whether by appointment or by default) and you have not given directions on how to vote by marking the appropriate box in the Voting Directions section of the Proxy Form, the proxy form expressly directs and authorises the Chairman to cast your vote “for” Resolutions 1, 3, 4, 8, 9, 10 and 11. This express authorisation is included because without it the Chairman would be precluded from casting your votes, as this resolution is concerned with the remuneration of Key Management Personnel.
- If you appoint a member of Key Management Personnel of the Company (other than the Chairman) or their Closely Related Parties as your proxy, you must direct them how to vote on Resolutions 1, 3, 4, 8, 9, 10 and 11. If you do not do so, your vote will not be counted.

Voting prohibition statement for Resolution 1, (Adoption of the Remuneration Report (advisory resolution))

In accordance with the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of Key Management Personnel (details of whose remuneration are including in the Remuneration Report) or their Closely Related Parties.

Unless the vote is cast as proxy for a person who is entitled to vote, where:

- (a) the Proxy Form specifies how the proxy is to vote on the resolution; or

- (b) the proxy is the Chairman of the meeting, who may vote on this resolution in accordance with an express authorisation on the Proxy Form (which authorises the Chairman to vote in favor of Resolution 1).

Voting restrictions for Resolutions 3 and 4 (Approval of Executive Incentive Rights Plan and Approval of the grant of EIRP Rights to Mr Kevin Wilson)

Voting exclusion statement

In accordance with Listing Rules the Company will also disregard any votes cast on Resolutions 3 and 4 by or on behalf of (including by proxy) a Director (except a Director who is ineligible to participate in any employee incentive scheme of the Company) and any associates of such Directors.

However, the Company need not disregard a vote if the vote is cast as proxy for a person who is entitled to vote:

- (a) in accordance with the directions on the Proxy Form; or
- (b) by the Chairman of the meeting in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting prohibition statement

In accordance with the Corporations Act, a vote on Resolutions 3 and 4 must not be cast as a proxy for a person who is entitled to vote, by a member of the Company's Key Management Personnel or any of their Closely Related Parties, unless:

- (a) the Proxy Form specifies how the proxy is to vote on the resolution; or
- (b) the vote is cast by the Chairman in accordance with the express authorisation on the Proxy Form (which authorises the Chairman to vote in favor of Resolutions 3 and 4).

Voting exclusion statement for Resolutions 5 and 6 (Ratification of issue of Shares under Listing Rules 7.1 and 7.1A)

In accordance with Listing Rules the Company will disregard any votes cast on Resolutions 5 and 6 by or on behalf of (including by proxy) parties who participated in the issue of the Shares the subject of the Resolutions 5 and 6, and any of their associates.

However, the Company need not disregard a vote if the vote is cast as proxy for a person who is entitled to vote:

- (a) in accordance with the directions on the Proxy Form; or
- (b) by the Chairman of the meeting in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolutions 5 and 6.

Voting exclusion statement for Resolution 7 (Approval of Additional 10% Placement Capacity)

In accordance with Listing Rules the Company will disregard any votes cast on Resolution 7 by or on behalf of (including by proxy) any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if the vote is cast as proxy for a person who is entitled to vote:

- (a) in accordance with the directions on the Proxy Form; or
- (b) the Chairman of the meeting in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 7.

Voting restrictions for Resolutions 8, 9, 10 and 11 (Issue of Shares to Directors)

Voting exclusion statement

The Company will disregard any votes cast on Resolutions 8, 9, 10 and 11 by or on behalf of (including by proxy) the Director the subject of the Resolution and any of their associates.

However, the Company need not disregard a vote if the vote is cast as proxy for a person who is entitled to vote:

- (a) in accordance with the directions on the Proxy Form; or
- (b) by the Chairman of the meeting in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting prohibition statement

In accordance with the Corporations Act, a vote on Resolutions 8, 9, 10 and 11 must not be cast as a proxy for a person who is entitled to vote, by a member of the Company's Key Management Personnel or any of their Closely Related Parties, unless:

- (a) the Proxy Form specifies how the proxy is to vote on the resolution; or
- (b) the vote is cast by the Chairman in accordance with the express authorisation on the Proxy Form (which authorises the Chairman to vote in favour of Resolutions 8, 9, 10 and 11).

Voting Entitlements

The Directors have determined that, for the purpose of voting at the Meeting, Shareholders eligible to vote at the Meeting are those persons who are the registered holders (**Registered Shareholders**) of Shares at 7.00pm (Sydney time) on 24 November 2014 (**Voting Record Date**).

How to Vote

You may vote by attending the Meeting in person, by proxy, or by an authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the Meeting, if possible, so that the Company may check their shareholdings against the Company's share register and note attendances.

Voting by Proxy

Recent changes to the law have impacted on the way proxies vote at company meetings. Broadly, these changes include that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.

For further details on these changes you should consult your professional adviser.

To vote by proxy, the Proxy Form (together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the proxy is signed) must be received at the Company's Share Registrar by no later than 10.30 am (Sydney time) on 24 November 2014 (Proxy Forms received after that time will be invalid). Proxy Forms must be received before that time via any of the following methods:

By Post:	Boardroom Pty Limited GPO Box 3993 Sydney, NSW 2001
By Facsimile:	+61 2 9290 9655
Online at:	www.votingonline.com.au/reresourcesagm2014

A Shareholder has the right to appoint a proxy, who need not be a Shareholder of the Company. A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. If the appointment does not specify the proportion or the number of votes each proxy may exercise, each proxy may exercise half the votes.

If you are a Beneficial Shareholder and have received these materials through your broker or through another intermediary, please complete and return the Proxy Form in accordance with the instructions provided to you by your broker or other intermediary.

How the Chairman of the Meeting will vote undirected proxies

The Chairman intends to vote all available undirected proxies in favour of each Resolution. Shareholders should refer to the information above in relation to the voting restrictions that may affect their proxy appointments for Resolutions 1, 3, 4, 8, 9, 10 and 11.

Corporate Representatives

A corporate Shareholder may elect to appoint an individual to act as its representative at the Meeting in accordance with Section 250D of the Corporations Act. An appointment of a corporate representative must be in writing, be signed by the corporate Shareholder and must include the representative's name or the name of the office held by representative. The instrument of appointment must be lodged, by post or by facsimile, with the Company

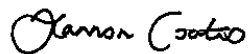
and/or the Company's Share Registrar, Boardroom Pty Limited, by no later than 10.30 am on 24 November 2014.

Appointment of corporate representative documents are available on request by contacting Boardroom Pty Limited on telephone number 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

Enquiries

Shareholders are invited to contact the Company Secretary, on +61 8 9211 1999 or by email at info@reyresources.com if they have any queries in respect of the matters set out in these documents.

By order of the Board

A handwritten signature in black ink, appearing to read 'Shannon Coates', written in a cursive style.

Shannon Coates
Company Secretary
9 October 2014

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is an important document and should be read carefully. If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice of Annual General Meeting, please contact the Company Secretary of Rey Resources, your stockbroker or other professional adviser.

General Information

This Explanatory Memorandum has been prepared for the Shareholders of the Company in connection with the Annual General Meeting of the Company to be held on 26 November 2014.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the resolutions detailed in the Notice.

Annual Financial Statements

The Corporations Act requires the Financial Statements, the Directors' Report, and the Auditor's Report (**Annual Financial Statements**) to be received and considered at the Meeting. The Annual Financial Statements for the year ended 30 June 2014 are included in the Company's 2014 Annual Report, a copy of which can be accessed on-line at www.reyresources.com or on ASX at www.asx.com.au. Alternatively, a hard copy will be made available on request.

No vote will be taken on the Annual Financial Statements. However, Shareholders attending the Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Annual Financial Statements and reports.

The Company's auditor, KPMG, will be present at the Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies, and the independence of the auditor. The auditor will also respond to any written questions provided these are submitted to the Company no later than five business days prior to the Meeting.

Resolution 1 - Approval of the Remuneration Report

The Annual Report for the year ended 30 June 2014 contains the Remuneration Report which:

- sets out the remuneration policy for Rey Resources;
- discusses the relationship between the remuneration policy and the Company's performance; and
- details the remuneration arrangements for the Directors, and senior executives.

The Remuneration Report is contained within the Director's Report in the Company's 2014 Annual Report and in the annual report section of the website at www.reyresources.com. The Chairman of the Meeting will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. However under the Corporations Act, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a “spill resolution”) on whether the Board should be put up for re-election. If the spill resolution is passed, another meeting must be held within 90 days at which all of the Company’s Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors’ Report must go up for re-election.

The Remuneration Report for the financial year ended 30 June 2013 did not receive a vote of more than 25% against its adoption at the Company’s last annual general meeting held in November 2013. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report, it will not result in the Company putting a spill resolution to Shareholders. However, a spill resolution will be required if the Remuneration Report at the 2015 Annual General Meeting receives a vote of more than 25% against its adoption.

Shareholders should refer to the information above in the Notice of Meeting in relation to the voting restrictions that may affect their proxy appointments for Resolution 1.

Resolution 2 - Election of Director – Mr Jin Wei

Background

The current Board composition comprises one Non-Executive Chairman, three Non-Executive Directors and one Managing Director.

Details on each Director’s background including experience, knowledge, skills and status as an independent or non-independent Director are set out in the Company’s 2014 Annual Report. Details on the person to be appointed to the Board pursuant to Resolution 2 are set out below.

The Board considers that the mix of Non-Executive and Executive Directors collectively bring the range of skills, knowledge and experience necessary to direct the Company.

Clause 11.2(b) of the Constitution provides that the Directors may by resolution appoint a natural person as a Director, either as an additional appointment or to fill a casual vacancy. Clause 11.3(a) of the Constitution provides that if a person is appointed as a Director by the Directors, the Company must confirm the appointment at the next annual general meeting. If the appointment is not confirmed, the person ceases to be a Director at the conclusion of the annual general meeting.

Mr Jin was appointed to the Board on 2 December 2013 to act as Non-Executive Director. In accordance with clause 11.3(a) of the Constitution, Mr Jin now seeks election as a Director at this Annual General Meeting.

Term of Office

Non-Executive Director since 2 December 2013.

Independent

No. Mr Jin is the former principal of Crystal Yield Investments Ltd and Ricky Holdings Ltd, each a substantial shareholder of the Company. Mr Jin has a relevant interest in 200,000 shares.

Experience and Qualifications

Mr Jin holds a PhD in Science at China University of Geosciences. He has over 20 years' professional experience covering exploration, mineral industry construction and operation, as well as mineral resources products international trading activities in Australia, China, Russia and Mongolia.

Directors' Recommendation

The Board (other than Mr Jin) recommends Shareholders vote in favour of Resolution 2.

Resolution 3 - Approval of the Executive Incentive Rights Plan

Background

On 23 November 2011, Shareholders approved the Company's Executive Incentive Rights Plan (**EIRP**). For the purposes of ASX Listing Rule 7.2, Exception 9(b), grants under the EIRP are exempted from the 15% annual limit on the grant of new securities for a period of three years from the date of Shareholder approval. As this 3 year period expires on 23 November 2014, the Board proposed to again seek Shareholder approval of the EIRP.

The Board believes that the future success of the Company will depend largely on the skills and motivation of the executives employed in the business and the ownership of Shares by the Company's executives.

The EIRP is aimed specifically at driving long term performance for Shareholders, a culture of executive share ownership in the business and retention of executives. Accordingly, the EIRP will form an important part of a comprehensive remuneration strategy for the Company's executives, aligning their interests with those of Shareholders by linking their rewards to the long term success of the Company and its financial performance.

Non-Executive Directors are not eligible to participate in the EIRP.

EIRP and Requirement for Shareholder Approval

The Board is seeking Shareholder approval for the EIRP for the purposes of ASX Listing Rule 7.2, Exception 9(b), which will exempt grants under the EIRP from the 15% annual limit on the grant of new securities without prior Shareholder approval for a period of three years from the date of the passing of Resolution 3.

In the absence of approval under ASX Listing Rule 7.2, Exception 9(b), grants under the EIRP can still occur but may be counted as part of the 15% limit which would otherwise apply during a 12 month period.

Key Features of the Proposed EIRP

Eligibility

The EIRP is targeted at Rey Resources' Executive Directors and senior management (as determined by the Board from time to time).

Entitlement

Subject to the terms of the EIRP, vesting and the satisfaction of any performance and retention conditions, each EIRP Right entitles the holder to receive cash and/or Shares (for further information, see the table under the heading "*Vesting of Incentive Rights*" below).

Incentives

The EIRP allows the Board to grant Performance Rights or Retention Rights (together **EIRP Rights**) to eligible participants.

Where Performance Rights are issued, the Board may determine that such rights vest upon satisfaction of performance criteria (ie a performance based hurdle).

Where Retention Rights are issued, the Board may determine that such rights vest upon completion of a specified period of service with the Company (ie a retention based hurdle).

Vesting Conditions

The vesting conditions for EIRP Rights to be offered under the EIRP will be decided by the Board from time to time. Current Board policy stipulates that EIRP Rights will have vesting conditions with a mix of performance based hurdles, such as the development of a Board-approved mining operation, and retention based hurdles.

The Board's current policy in relation to the EIRP (which may be altered by the Board from time to time), provides for grants of EIRP Rights with vesting conditions that will generally be tested at the end of a 3 year period (**Measurement Period**).

Based on current Board policy, Performance Rights will generally be granted to eligible participants annually and may be granted with provision for a "retest" 12 months after the initial Measurement Period. Where a Performance Right is granted with provision for a "retest" and the vesting condition is not met by the end of the Measurement Period, the Performance Right will be retested 12 months after the end of the Measurement Period. If the vesting condition is met when the Performance Right is retested, then the Performance Right will vest. If not, then the Performance Right is forfeited.

Based on current Board policy, Retention Rights will be issued at the discretion of the Board and generally vest if the participant has been continuously employed for the duration of the Measurement Period.

Number of securities to be granted

The number of EIRP Rights granted under the EIRP will be decided by the Board from time to time. However, the applicable ASIC Class Order limits the maximum number of securities which may be granted to employees under incentive plans in a rolling 5 year period to 5% of the issued share capital of the Company (calculated as at the date of the offer under the EIRP), subject to a range of exclusions, including securities issued under a disclosure document, to certain senior executives or issues of securities outside Australia.

Exercise Price

The Board's current policy is to grant only EIRP Rights under the EIRP which will not require the executive to pay any amount to the Company upon vesting.

Expiry date

The Board may determine the date and times when any EIRP Rights lapse. The expiry date will be no later than 5 years after the date of grant.

Termination of Employment

The following table indicates the treatment of Unvested EIRP Rights at the date of termination of employment.

Termination Circumstance	Unvested Retention Rights	Unvested Performance Rights
Dismissal (termination for cause)	All are forfeited.	All are forfeited.
Resignation	All are forfeited unless and to the extent otherwise determined by the Board.	All are forfeited unless and to the extent otherwise determined by the Board.
Other circumstances (including redundancy)	<p>Retention Rights granted in the financial year of termination of employment are forfeited in the same proportion as the remainder of the financial year (as at the date of termination) bears to the full financial year.</p> <p>Retention Rights that do not lapse at the termination of employment will continue to be held by Participants and will be tested for vesting at the end of the Measurement Period (if they do not otherwise lapse or automatically vest before).</p> <p>If the Share price at the end of the Measurement Period is less than the Share price at the date of termination of employment then the Vested EIRP Rights Value will be paid in cash.</p> <p>If the Share price at the end of the Measurement Period is not less than the Share price at the date of termination of employment then the Vested EIRP Rights Value will be satisfied in accordance with the vesting payment mechanism set out in the table below.</p>	<p>Performance Rights granted in the financial year of termination of employment are forfeited in the same proportion as the remainder of the financial year (as at the date of termination) bears to the full financial year.</p> <p>Performance Rights that were granted in a year prior to the year of termination of employment and have been tested for vesting will be forfeited, with no opportunity for those Performance Rights to be retested.</p> <p>Performance Rights that do not lapse at the termination of employment will continue to be held by Participants and will be tested for vesting at the end of the Measurement Period (if they do not otherwise lapse or automatically vest before).</p> <p>If the Share price at the end of the Measurement Period is less than the Share price at the date of termination of employment then the Vested EIRP Rights Value will be paid in cash.</p>

Termination Circumstance	Unvested Retention Rights	Unvested Performance Rights
		If the Share price at the end of the Measurement Period is not less than the Share price at the date of termination of employment then the Vested EIRP Rights Value will be satisfied in accordance with the vesting payment mechanism set out in the table below.

Vesting at the end of the Measurement Period (or any applicable “retest” period) will be determined in accordance with the terms of the offer of EIRP Rights.

The Board will consider any applicable limitations under the termination benefit rules in the Corporations Act when making any determination following an employee ceasing to be an employee of the Company.

Vesting of EIRP Rights

Following the end of the Measurement Period, the Board will determine for each tranche of EIRP Rights to which the Measurement Period applies, the extent to which they vest. As noted above, Performance Rights granted with the ability for a “retest”, may be retested 12 months after the end of the Measurement Period.

The steps involved are as follows:

Step	Process
1	Determine the number of EIRP Rights of each type that are held in relation to the relevant offer.
2	Determine actual performance in relation to the vesting condition. Determine the number of EIRP Rights in each tranche that vest having regard to the extent to which the vesting conditions, if any, have been fulfilled.
3	If vesting occurs in relation to a tranche then a cash award of \$1,000 is payable to the participant in relation to that tranche.
4	Calculate the Vested EIRP Rights Value.
5	If the Vested EIRP Rights Value for a tranche is more than \$1,000 then the participant will be entitled to Shares in respect of that amount over \$1,000. The number of Shares will be determined by dividing the excess of the Vested EIRP Rights Value for the tranche over \$1,000 by the relevant Vesting Share Price.

Subject to the ASX Listing Rules and the law:

- (a) the Board may determine, acting in good faith and consistent with its fiduciary duties, that it is in the interests of the Company to allow some or all of a participant’s EIRP Rights to vest even if a vesting condition has not been satisfied at the end of a Measurement Period (or, if a “retest” period is applicable, the end of that period); and
- (b) the vesting of a participant’s EIRP Rights may be subject to such further conditions as determined by the Board.

Change in control

EIRP Rights automatically vest, and may become transferable, in the event that a takeover bid is made for the Company, or another corporate transaction is pursued (such as a scheme of arrangement or selective capital return) which results in the bidder acquiring voting power to more than 50% of the Company.

The Board also has a general discretion to allow EIRP Rights to vest if the then Board determines, acting in good faith and consistent with its fiduciary duties, that a person has obtained sufficient voting rights to control the composition of the Board.

Vesting in other circumstances

The Board may permit EIRP Rights to vest in other limited situations, such as where a resolution is passed approving the disposal of the Company's main undertaking or on a winding up of the Company. The EIRP provides flexibility for the Company to agree with any successful acquirer of the Company to an arrangement whereby EIRP Rights will become exercisable into acquirer shares as opposed to the Company's Shares.

Transferability

An EIRP Right may not be transferred or otherwise dealt with and will lapse immediately on any purported transfer or dealing unless the Board, in its absolute discretion, approves the transfer or dealing or the transfer is effected by operation of law on death or legal incapacity.

Dividend and voting rights

The EIRP Rights issued under the EIRP carry no dividend or voting rights.

Bonus issues, rights issues, reconstruction

If the Company completes a bonus issue during the term of an EIRP Right, the number of Shares the holder is then entitled to will be increased by the number of Shares which the holder would have been issued in respect of Incentives if they were exercised (in the case of Options) or are vested and are received (in the case of EIRP Rights) immediately prior to the record date for the bonus issue.

In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of EIRP Rights to which the holder is entitled will be adjusted in the manner provided for in the ASX Listing Rules.

Subject to the terms of the EIRP and as otherwise set out above, during the currency of the EIRP Rights and prior to their vesting and receipt, the holder is not entitled to participate in any new issue of securities of the Company as a result of their holding the EIRP Rights.

Listing

The EIRP Rights will not be listed.

Board discretion

Notwithstanding the Board's current policy (which may be changed from time to time), under the terms of the EIRP, the Board has absolute discretion (in accordance with applicable securities regulations) to amend or repeal any or all provisions of the EIRP.

ASX Listing Rule 7.2

In accordance with Listing Rule 7.2, Exception 9(b), the following information is provided to Shareholders:

As at the date of the Meeting, 6,411,961 EIRP Rights will have been issued under the proposed EIRP.

A summary of the terms of the proposed EIRP are set out above. A copy of the EIRP can be obtained by either contacting the Company Secretary by telephone on +61 (0)8 9211 1999, or by email to info@reyresources.com.

Voting prohibition and voting exclusion statements for Resolution 3 are included in the Notice of Meeting.

Resolution 4 - Approval of the grant of EIRP Rights to Mr Kevin Wilson

Background

Mr Kevin Wilson was appointed as Managing Director of Rey Resources on 9 August 2007.

Reasons for the grant of the EIRP Rights

Executive Directors are eligible to participate in the EIRP. The EIRP aligns the reward of the participants with the long term creation of shareholder value and forms an important component of the total remuneration of the Executive Directors.

Key terms of the EIRP Rights

Eligible recipient

Mr Kevin Wilson (or his nominee)

Entitlement

The number of EIRP Rights provided is based on 50% of total fixed remuneration ("TFR") and the share price at the remuneration review date (30 June). The allocated EIRP Rights are then subject to a three year vesting period which requires achievement of a compound annual growth in Total Shareholder Return hurdle for the vesting period.

The proposed grant is 1 million EIRP Rights.

Exercise price

No consideration is payable at the time the EIRP Rights vest.

Vesting conditions

The EIRP Rights to be granted to Mr Wilson are proposed to be 100% "at risk" and will be subject to absolute total shareholder return ("TSR") tests as follows:

2014 Grant – 1 July 2014 to 30 June 2017 with provision for retest to 30 June 2018

The following vesting scale will be applied to the EIRP Rights based on the absolute TSR achieved by the Company at the test date:

Performance Level	Compound Annual Rate of the Company's TSR Over the Chairman Measurement Period	Vesting%
< Threshold	< 10%	0
Threshold	10%	25%
> Threshold & < Target	> 10% & < 15%	Pro rata
Target	15%	50%
> Target & < Stretch	> 15% & < 20%	Pro rata
Stretch	≥ 20%	100%

If the EIRP Rights do not vest following the retest dates, the EIRP Rights shall lapse.

Requirement for Shareholder approval

In accordance with ASX Listing Rules 10.14 and 10.15, Resolution 4 requires Shareholder approval for the grant of EIRP Rights to Mr Wilson.

ASX Listing Rule 10.14

For the purposes of the approval sought under ASX Listing Rule 10.14 and in accordance with the requirements of ASX Listing Rule 10.15 and for all other purposes, the following information is provided to Shareholders in respect of the EIRP Rights:

- (a) the EIRP Rights will be granted to Mr Kevin Wilson (Managing Director) or his nominee;

the maximum number of Shares to be granted to Mr Wilson if all of the EIRP Rights vest will be determined in accordance with the process set out in the paragraph entitled "*Vesting of EIRP Rights*" set out in the explanatory notes to Resolution 3 but, in any event, will be no more than 1 million;
- (b) no consideration is payable by Mr Wilson at the time of grant of the EIRP Rights to him or upon the allocation of Shares to which he may become entitled on the vesting of some or all of the EIRP Rights;
- (c) as the date of this Explanatory Memorandum, 6,411,961 EIRP Rights have already been issued. 3,000,000 Rights were issued to Ms Maree Arnason following Shareholder approval at the Company's 2011 Annual General Meeting and 3,411,961 EIRP Rights were issued to Mr Wilson following Shareholder approval at the Company's 2012 Annual General Meeting. 2,598,000 of these Rights have since lapsed. It is not expected that any further EIRP Rights will be issued until after the date of the meeting. Full details of Mr Wilson's holding of Shares and rights attaching to Shares are set out in the Company's 2014 Annual Report;
- (d) Mr Wilson is the only person referred to in Listing Rule 10.14 (a director of the Company or an associate of that director) currently eligible to participate in the EIRP as he is the only Executive Director of the Company. Subject to any required Shareholder approval, future Executive Directors of the Company will be eligible to participate in the EIRP;

- (e) no loans will be made by the Company in connection with the acquisition of the EIRP Rights proposed to be granted to Mr Wilson under Resolution 4; and
- (f) the EIRP Rights will be issued to Mr Wilson no later than 12 months from the date of the Meeting. It is anticipated that the EIRP Rights will be granted in 1 tranche within 1 month of the date of the Meeting.

A voting exclusion statement is included in the Notice of Meeting.

Corporations Act requirements

Chapter 2E of the Corporations Act also requires shareholder approval where a public company seeks to give a “financial benefit” to a “related party” (unless an exception applies). Directors such as Mr Wilson are considered to be related parties within the meaning of the Corporations Act. The EIRP Rights to be granted to Mr Wilson will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act.

One of the exceptions to the requirement to obtain shareholder approval in accordance with Chapter 2E applies where the financial benefit constitutes part of the related party’s “reasonable remuneration”. The Board (other than Mr Wilson who is not able to make a recommendation due to his interest in the resolution), considers that the grant of the EIRP Rights to Mr Wilson and any issue of Shares upon the satisfaction of the vesting conditions of those EIRP Rights constitutes part of Mr Wilson’s reasonable remuneration. In reaching this conclusion, the Board has had regard to a variety of factors including market practice and the remuneration offered to persons in comparable positions at comparable companies. In particular, the Board has had regard to the global and competitive nature of the business and Mr Wilson’s role as a Managing Director.

Other implications for the Company

Financial implications

Australian International Financial Reporting Standards require the EIRP Rights to be issued to Mr Wilson be expensed in accordance with AASB 2 – Share Based Payments.

Expensing these EIRP Rights will have the effect of increasing both the expenses and the contributed equity of the Company. There will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing these EIRP Rights.

There are no tax implications for the Company in issuing these EIRP Rights.

Dilution

The issue of EIRP Rights to Mr Wilson will have a diluting effect on the percentage interest of existing Shareholders holdings if the EIRP Rights are exercised or vest. In the event all of the EIRP Rights proposed to be issued to Mr Wilson vest (i.e. 1 million Shares are issued) the diluting effect amounts to approximately 0.15% of the Company’s current issued Share capital.

Other Information

The Directors are not aware of any information other than set out in this Explanatory Memorandum that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interests to pass the proposed Resolution 4.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the EIRP Rights or to issue Shares on vesting of those EIRP Rights as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of EIRP Rights or Shares upon vesting of the EIRP Rights will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

Directors' Recommendation

The Board, other than Mr Wilson (who is not able to make a recommendation due to his interest in the resolution), recommends that Shareholders vote in favour of Resolution 4.

Resolutions 5 and 6 – Ratification of Issue of Shares under Listing Rules 7.1 and 7.1A

Background

On 30 June 2014, the Company announced a proposed capital raising of up to \$3 million (before costs) ("Placement"). 10 million Placement Shares at an issue price of \$0.10 per Share were issued on 10 July 2014, 15 million Placement Shares at an issue price of \$0.10 per Share were issued on 19 August 2014 and the remaining 4,854,368 Placement Shares at an issue price of \$0.103 were issued on 9 September 2014.

13,373,179 of the Placement Shares were issued pursuant to the Company's 15% annual placement capacity under Listing Rule 7.1, all at \$0.10 per Share, and the remaining 16,481,189 Placement Shares were issued pursuant to the Company's 10% placement capacity under Listing Rule 7.1A. Of these 16,481,189 Placement Shares, 4,854,368 were issued at an issue price of \$0.103, and the remainder were issued at \$0.10 per Share.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, without prior shareholder approval, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A enables certain eligible entities to seek shareholder approval to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution. This additional 10% placement capacity is in addition to a company's 15% placement capacity under Listing Rule 7.1. The Company obtained approval from Shareholders to issue Equity Securities under Listing Rule 7.1A at the Company's last annual general meeting held on 29 November 2013.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

A note to Listing Rule 7.4 provides that an issue of securities made under Listing Rule 7.1A can be ratified by shareholders under Listing Rule 7.4. If shareholders ratify the issue of securities, the issue will not reduce the company's placement capacity under Listing Rule 7.1A.

By ratifying the issue of the Placement Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% and 10% annual placement capacity set out in ASX Listing Rules 7.1 and 7.1A respectively without the requirement to obtain prior Shareholder approval.

Resolutions 5 and 6 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the allotment and issue of the Placement Shares.

Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the abovementioned issue:

- (a) 13,373,179 Placement Shares were allotted and issued pursuant to Listing Rule 7.1 and 16,481,189 Placement Shares were allotted and issued pursuant to Listing Rule 7.1A;
- (b) 25 million of the Placement Shares were issued for an issue price of \$0.10 each; 4,854,368 of the Placement Shares were issued for an issue price of \$0.103 each;
- (c) the Placement Shares were all fully paid ordinary shares in the capital of the Company and issued on the same terms and conditions as existing Shares;
- (d) the Placement Shares were allotted and issued to sophisticated investors, Wanyan Liu, ASF Canning Basin Energy Pty Ltd and Mr Mengshe Tan. Wanyan Liu and ASF Canning Basin Energy Pty Ltd are both substantial shareholders. None of the parties are related parties of the Company; and
- (e) \$3,000,000 (before costs) was raised from the issue of the Placement Shares, which has and will be used towards business development, exploration, including the Duchess Paradise permitting process, and general working capital.

A voting exclusion statement in respect of Resolutions 5 and 6 is set out in the Notice.

Directors' recommendation

The Directors (other than Ms Yang and Mr Baker, who are employed by an entity related to ASF Canning Basin Energy Pty Ltd, and therefore have declined to make a recommendation) recommend that Shareholders vote in favour of Resolutions 5 and 6.

Resolution 7 - Approval of Additional 10% Placement Capacity

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10%**

Placement Capacity). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity is not included in the S&P/ASX 300 Index. The Company is an eligible entity for the purposes of Listing Rule 7.1A. The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

The Company is putting Resolution 7 to Shareholders to seek approval to issue, if required, additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that any funds raised by an issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards coal, oil and gas exploration in the Canning Basin, complementary investments and general working capital.

Listing Rule 7.1A

The effect of Resolution 7 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has one class of quoted Equity Securities being fully paid ordinary shares.

Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity will be based on the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Resolution 7 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

Specific information required by Listing Rule 7.3A

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders'

economic and voting interests in the Company will be diluted. There is also a risk that:

- (i) the market price for the Company's Equity Securities may be materially higher or lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as consideration in part or whole for the acquisition of new assets.

The table below shows the dilution of existing Shareholders of the issue of the **maximum** number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable "A" (as defined in Listing Rule 7.1A.2) and the market price of Shares. It is noted that variable "A" is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable "A" is at its current level and where variable "A" has increased by 50% and by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 8 October 2014, being \$0.13, (**current market price**), where the issue price is halved, and where it is doubled; and
- (iii) the dilution effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.65 Issue Price at half the current market price	\$0.13 Issue Price at current market price	\$0.26 Issue Price at double the current market price
Current Variable A 660,056,519 Shares	Shares issued	66,005,651	66,005,651	66,005,651
	Funds raised	\$4,290,367	\$8,580,734	\$17,161,469
	Dilution in voting power	10%	10%	10%
50% increase in current Variable A 990,084,778 Shares	Shares issued	99,008,477	99,008,477	99,008,477
	Funds raised	\$6,435,551	\$12,871,102	\$25,742,204
	Dilution in voting power	10%	10%	10%

100% increase in current variable A 1,320,113,038 Shares	Shares issued	132,011,303	132,011,303	132,011,303
	Funds raised	\$8,580,734	\$17,161,469	\$34,322,938
	Dilution in voting power	10%	10%	10%

Notes:

- The market price is \$0.13, based on the closing price for the Shares on 8 October 2014. The issue prices included in the table do not take into account discount to the market price (if any).
- These calculations assume that each Shareholder maintains its same percentage voting power in the Company upon a change in Variable A and does not participate in the issue which utilises the Additional 10% Placement Capacity.
- No further equity are issued under the Company's current capacity to issue 15% of its equity securities and no options are converted into shares before the date of the issue of the Shares.
- The Company utilises the full Additional 10% Placement Capacity by issuing Shares.
- The table represents dilution as a whole and is not example of dilution that may be caused to a particular Shareholder.

(c) Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:

- the date that is 12 months after the date of the Annual General Meeting; and
- the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**Additional Placement Period**).

(d) The Company may seek to issue the Equity Securities for the following purposes:

- cash consideration:** if Equity Securities are issued for cash consideration, the Company intends to use the funds raised towards coal, oil and gas exploration in the Canning and Perth Basin; complementary investments and general working capital; or
- non-cash consideration for the acquisition of new resource or energy assets or other investments:** if Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities under the Additional 10% Placement Capacity.

(e) The Company's allocation policy will be determined having regard to the prevailing market conditions at the time of the proposed issue of Equity Securities. The allottees under the Additional 10% Placement Capacity will be determined on a case-by-case basis having regard to factors which may include:

- (i) the method of raising funds which are available to the Company, including the time and market exposure associated with the various methods of raising capital applicable at the time of the raising;
- (ii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of proposed issue of Equity Securities;
- (iii) the effect of any such issue on the control of the Company;
- (iv) the financial situation and solvency of the Company; and
- (v) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The Company notes that:

- (i) it is envisaged that the requirement for funds from any placement under the Additional 10% Placement Capacity would be used towards coal, oil and gas exploration in the Canning and Perth Basin; complementary investments and general working capital;
- (ii) the Board has formed no specific intentions to offer any placement to any existing Shareholders, class of Shareholders or any new investors;
- (iii) the Board will always consider, prior to making any placement whether the raising of funds could be achieved by means of an entitlements issue to existing Shareholders; and
- (iv) if any issue is announced, the Company would disclose its reasons for undertaking that particular issue rather than an entitlements issue to existing shareholders, should that occur.

The allottees under the Additional 10% Placement Capacity have not been determined as at the date of this Notice. They may, however, include substantial Shareholders and/or new Shareholders who are not related parties (or their associates) of the Company.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2013 Annual General Meeting. Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders.
 - (i) on 19 August and 9 September 2014, the Company issued 11,626,821 and 4,854,368 equity securities respectively pursuant to the Additional 10% Placement Capacity.
 - (ii) the total number of equity securities issued otherwise in the 12 months before this meeting (that is, since 29 November 2013) is 29,854,368 shares which represents approximately 21.04% of the total diluted number of equity securities on issue in the Company on 29 November 2013. The total number of equity securities on issue as at 29 November 2013 was 631,454,302, of which 1,252,151 shares were cancelled pursuant to an on-market buy-back.

- (iii) the table attached as Schedule 1 shows details of all issues of equity securities by the Company since 29 November 2013.
- (viii) A voting exclusion statement is included in the Notice. At the date of the Notice:
 - (i) the persons eligible to participate in a proposed issue (if any) under Listing Rule 7.1A are not known by the Company;
 - (ii) the Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity,

and therefore no Shareholder will be excluded from voting on Resolution 7.

Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 7.

Resolutions 8, 9, 10 and 11 - Approval of issue of Shares to Directors

Background

The Company has agreed, subject to obtaining Shareholder approval, to issue on the terms and conditions set out below a total of 3.5 million Shares to Ms Yang and Messrs Baker, Zhang and Wei or their nominees (together the **Related Party Shares**).

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Shares constitutes the giving of a financial benefit and Ms Yang and Messrs Baker, Zhang and Wei (together the **Related Parties**) are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Shares to the Related Parties.

Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Shares:

- (a) the Related Parties are Ms Yang and Messrs Baker, Zhang and Wei and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Related Party Shares (being the nature of the financial benefit being provided) to be granted to the Related Parties is 3.5 million Shares;
- (c) the Related Party Shares will be granted to the Related Parties or their nominees no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Shares will be issued on one date;
- (d) the Related Party Shares will be granted for nil cash consideration, accordingly no funds will be raised and no loan will be provided by the Company to acquire the Related Party Shares;
- (e) the Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the relevant interests of the Related Parties in securities of the Company at the date of this Notice are set out below:

Related Party	Shares	Options
Min Yang	0	0
Geoff Baker	0	0
Dachun Zhang	2,415,300	0
Jin Wei	200,000	0

- (g) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Min Yang	\$96,000	\$96,000
Geoff Baker	\$120,000	\$120,000
Dachun Zhang	\$50,000	\$50,000
Jin Wei	\$60,000	\$35,000

- (h) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	14.5 cents	26 August 2014
Lowest	6.5 cents	15 October 2013
Last	13 cents	8 October 2014

- (i) if Shareholders approve Resolutions 8 to 11, the Company's issued Shares would increase by 3,500,000 Shares to a total issued capital of 663,556,519 Shares. The

grant of the Related Party Shares to Ms Yang and Messrs Baker, Zhang and Wei will dilute the shareholdings of existing Shareholders by approximately 0.53%;

- (j) the effect the issue of the Related Party Shares will have on the holdings of the relevant Directors and existing Shareholders is shown in the following table:

Related Party	Shares before issue	Shares after issue
Min Yang	0	1,000,000
Geoff Baker	0	1,000,000
Dachun Zhang	2,415,300	2,915,300
Jin Wei	200,000	1,200,000

- (k) the valuation of the Related Party Shares, based on the last trading price for the Shares of 13 cents on 8 October 2014 is as follows:

Director	Number of Shares	Value per Share	Total value
Min Yang	1,000,000	\$0.13	\$130,000
Geoff Baker	1,000,000	\$0.13	\$130,000
Dachun Zhang	500,000	\$0.13	\$75,000
Jin Wei	1,000,000	\$0.13	\$130,000
Total	3,500,000	\$0.13	\$465,000

- (l) the Board acknowledges the grant of Related Party Shares to Non-Executive Directors is contrary to the recommendations contained within the Corporate Governance Principles and Recommendations with 2010 Amendments (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Shares to the Related Parties reasonable in the circumstances for the reason set out below;

- (m) the Board considers that:

- (a) the grant of Related Party Shares to the Related Parties will align the interests of the Related Parties with those of Shareholders;
- (b) the grant of the Related Party Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
- (c) there are not any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Shares upon the terms proposed.

Directors' Recommendations

Mr Wilson, the only Director not the subject of Resolutions 8, 9, 10 and 11, recommends that Shareholders vote in favour of Resolutions 8, 9, 10 and 11 for the following reasons noted in paragraph (m) above.

In forming his recommendation, Mr Wilson considered the experience of each other Related Party, the current market price of Shares and current market practices when determining the number of Related Party Shares to be granted.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 8, 9, 10 and 11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

Additional 10% Placement Capacity	has the meaning set out on page 21.
Additional Placement Period	has the meaning set out on page 24.
Annual Financial Statements	means the financial statements, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2014.
Annual Report	means the Company's annual report for the year ended 30 June 2014.
Annual General Meeting or Meeting	means the Annual General Meeting of Shareholders of the Company to be held at the Lachlan Room, Pullman Quay Grand, 61 Macquarie Street, East Circular Quay, Sydney on 26 November 2014 at 10.30 am (Sydney time), or any adjournment thereof.
ASX	means ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market operated by it.
ASX Listing Rules	means the Listing Rules of ASX.
Beneficial Shareholders	means persons who are or become holders of beneficial interests in Shares, either directly or through nominee or other holders.
Board	means the board of Directors of the Company.
Closely Related Party	means: <ul style="list-style-type: none">a) a spouse or child of the member;b) a child of the member's spouse;c) a dependent of the member or the member's spouse;d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member in the member's dealings with the Company;e) a company the member controls; orf) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company or Rey Resources	means Rey Resources Limited (ABN 84 108 003 890).
Constitution	means the Company's constitution.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
EIRP	has the meaning set out on page 12.
EIRP Rights	has the meaning set out on page 13.
Equity Securities	has the same meaning as in the ASX Listing Rules.
Executive Director	means an executive director of Rey Resources.
Explanatory Memorandum	means the Explanatory Memorandum attached to the Notice of Meeting.

Key Management Personnel	has the same meaning as in Australian accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Directors.
Non-Executive Director	means a non-executive director of Rey Resources.
Notice or Notice of Meeting	means the Notice of Meeting and the Explanatory Memorandum.
Registered Shareholders	means those persons who are registered holders of Shares as at the applicable date.
Remuneration Report	means the remuneration report forming part of the Directors' Report in the Company's 2014 Annual Report.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a person, corporation or body holding a Share on the Rey Resources share register.
Trading Day	has the meaning given to that term in the ASX Listing Rules.
Voting Record Date	means 7:00pm (Sydney time) on 24 November 2014.

SCHEDULE 1

Securities Issued post 29 November 2013	Terms and quantity of Securities issued	Names of the persons to whom the Securities were issued	Issue Price	Discount to market price on date of issue	Total cash consideration received	Use of funds or intended use of funds for remaining consideration	Non-cash consideration and current value
10 July 2014	10,000,000 fully paid ordinary shares issued on the same terms and ranking equally with the Company's existing Shares on issue.	Wanyan Liu	\$0.10	23.08%	\$1,000,000	Raise funds for financing the Dunnart-2 well on EP437 to satisfy Rey's earn-in requirements, its share of seismic acquisition activities in the Canning Basin on EP457 and EP458 in 2014 and for general working capital.	N/A
19 August 2014	15,000,000 fully paid ordinary shares issued on the same terms and ranking equally with the Company's existing Shares on issue.	ASF Canning Basin Energy Pty Ltd	\$0.10	25.93%	\$1,500,000	Raise funds for financing the Dunnart-2 well on EP437 to satisfy Rey's earn-in requirements, its share of seismic acquisition activities in the Canning Basin on EP457 and EP458 in 2014 and for general working capital.	N/A
9 September 2014	4,854,368 fully paid ordinary shares issued on the same terms and ranking equally with the Company's existing Shares on issue.	Mr Mengsha Tan	\$0.103	26.43%	\$500,000	Raise funds for financing the Dunnart-2 well on EP437 to satisfy Rey's earn-in requirements, its share of seismic acquisition activities in the Canning Basin on EP457 and EP458 in 2014 and for general working capital.	N/A



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 👤 **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10.30am (Sydney time) on Monday 24th November 2014**

🖨 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/reyresourcesagm2014
- STEP 2: Enter your holding/investment type:**
- STEP 3: Enter your Reference Number:**
- STEP 4: Enter your VAC:**

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company (Rey Resources Limited) or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this Proxy Form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

return both Proxy Forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each Resolution. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any Resolution by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution for all your securities your vote on that Resolution will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative Form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The Proxy Form **must** be signed as follows:

Individual: this Proxy Form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: this Proxy Form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this Proxy Form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy Forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10.30am (Sydney Time) on Monday 24th November 2014**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the enclosed reply paid envelope or:

- 💻 **Online** www.votingonline.com.au/reyresourcesagm2014
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this Proxy Form with you to assist with registration.

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this Proxy Form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Rey Resources Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below. Leave this box blank if you have selected the Chair of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the **Annual General Meeting** of the Company to be held at the **Lachlan Room, Pullman Quay Grand, 61 Macquarie Street, EAST CIRCULAR QUAY, SYDNEY NSW 2000 on Wednesday 26th November 2014 at 10.30am (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, to the extent permitted by law, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default, and I/we have not directed my/our proxy how to vote in respect of Resolutions 1,3,4,8,9,10 and 11 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though the Resolutions are connected with the remuneration of a member of key management personnel for Rey Resources Limited, which includes the Chair of the Meeting.

The Chair of the Meeting will vote all undirected proxies in favour of all Resolutions (including Resolutions 1,3,4,8,9,10 and 11). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on a Resolution, you must provide a direction by marking the 'For', 'Against' or 'Abstain' box opposite that Resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Mr Jin Wei as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of the Executive Incentive Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of the grant of performance rights to Mr Kevin Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of issue of 13,373,179 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of issue of 16,481,189 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of additional 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval to issue 1 million Shares to Luxe Hill Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval to issue 1 million Shares to Gold Star Industry Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval to issue 500,000 Shares to Mr Dachun Zhang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval to issue 1 million Shares to Renown Capital Holdings Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

This Proxy Form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Director

Director / Company Secretary