

30 October 2014

September 2014 Quarterly Report

HIGHLIGHTS

- Dunnart-2 well encountered 20m oil shows in EP437, Perth basin
- Dunnart-2 cased and suspended for future production test
- 145km seismic acquired on the Fitzroy Blocks, Canning Basin
- Strategic alliance with China National Fuel Corporation announced
- \$3 million capital raising completed

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Rey Resources Limited (ASX: REY) (“Rey” or “the Company”) is focused on developing its oil, gas and coal interests in the Canning and Perth Basins, Western Australia.

1. Oil and Gas

1.1 Fitzroy Blocks (EP457 and EP458)

The Fitzroy Blocks are located in the highly prospective Canning Basin in the northwest of Western Australia (refer Figure 1 below). Ownership of the Fitzroy Blocks is: Rey (25% including 8.3% free carried to production); Buru Energy Limited (Buru) (37.5% and operator); and Diamond Resources (Fitzroy) Ltd (37.5%).

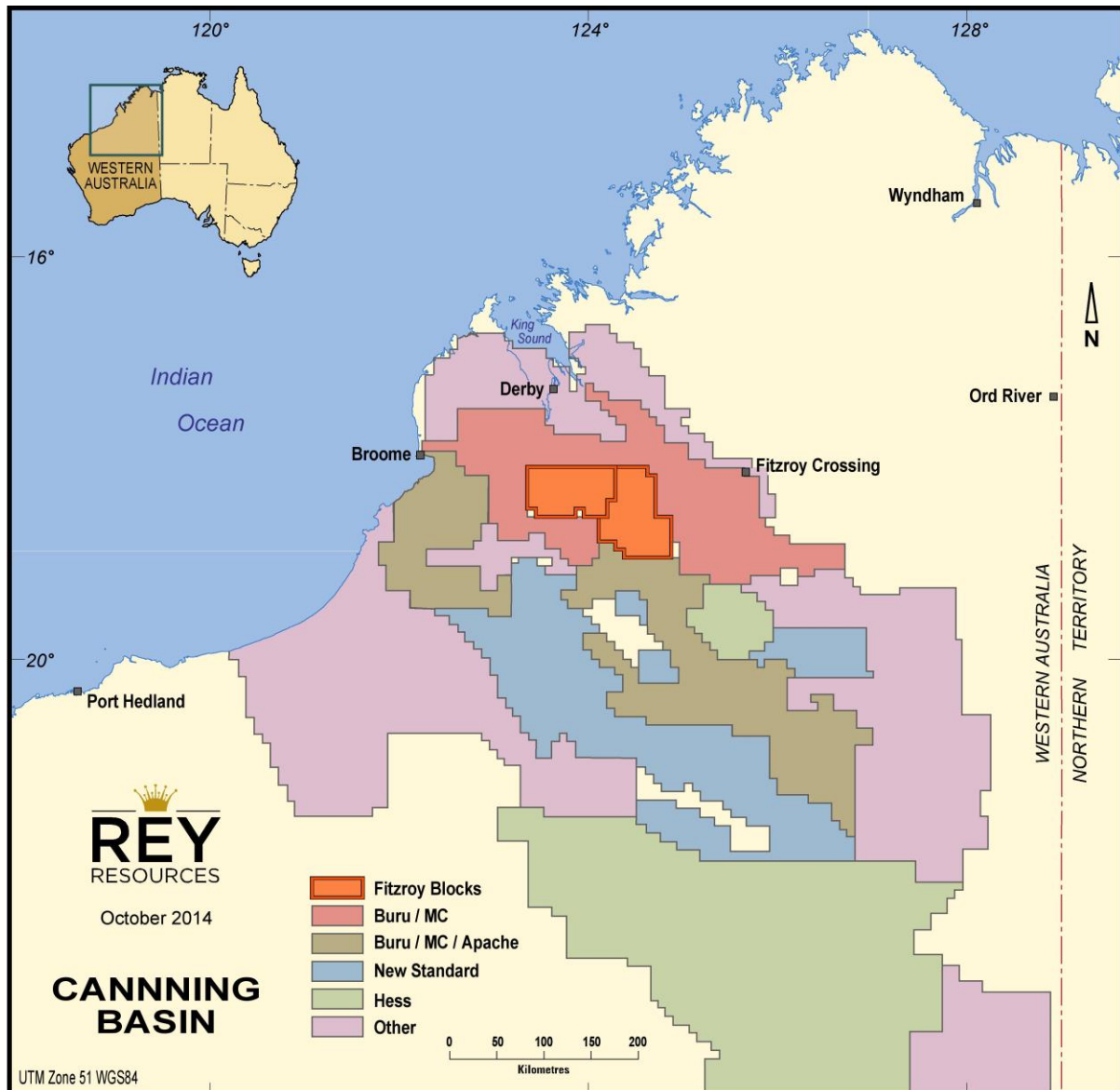


Figure 1: Location of EP457 and EP458 (the Fitzroy Blocks) and other ownership of petroleum licences in the Canning Basin.

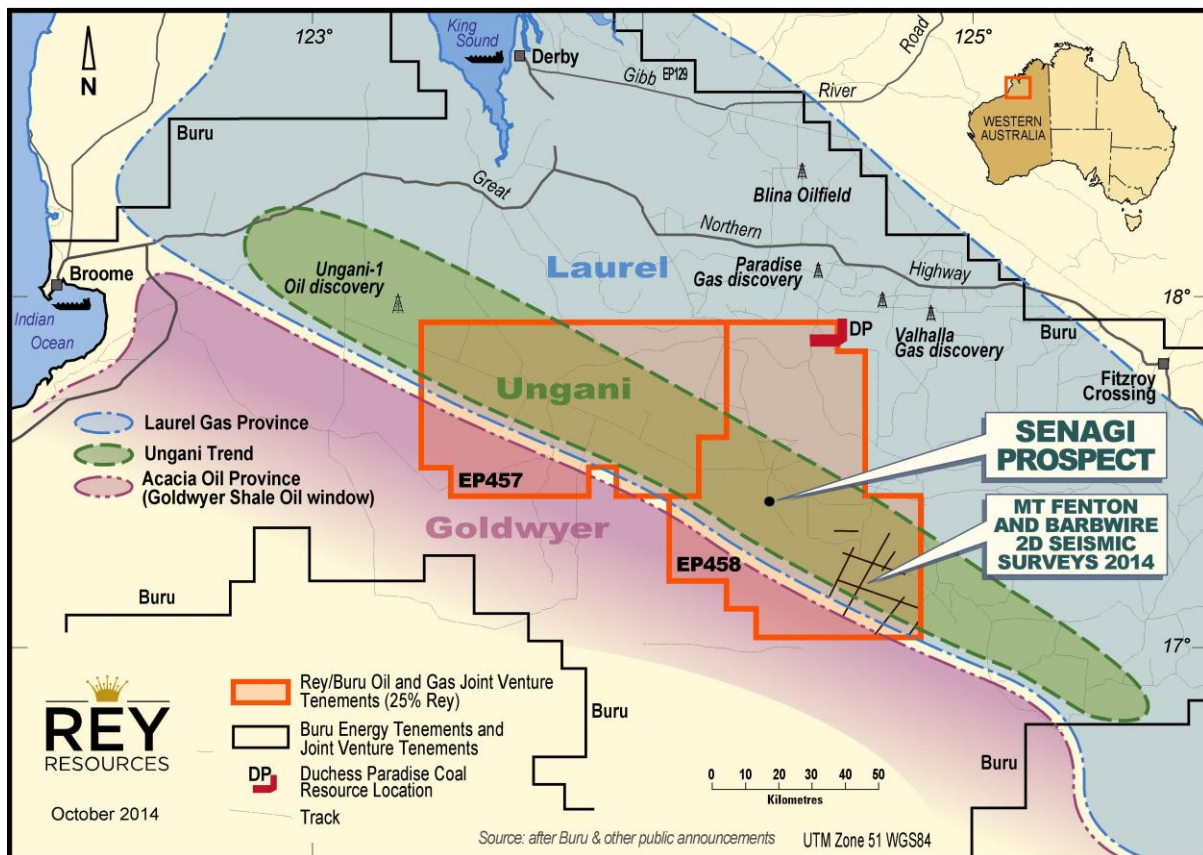


Figure 2: The three major prospective trends in EP457 and EP458 and location of the Senagi prospect.

As previously reported, a number of attractive conventional structural leads have been identified along the trend from the Ungani oil discovery. One of these targets is the Senagi prospect in EP458. This is a shallow (~800 metre) structural target which is up-dip from a mineral borehole (Camelgooda-1) that encountered a well-developed Ungani Dolomite reservoir equivalent, with significant oil shows. The drilling of the Senagi prospect is subject to Joint Venture, regulatory and Native Title agreements and approvals, and these processes were progressed by the Operator during the quarter. It is anticipated that Senagi-1 will be drilled after the end of the wet season in Q2 2015 and satisfy the well commitment on EP458.

A total of 145 line-km of 2D seismic data was acquired at Mt Fenton and elsewhere in EP458 on the Barbwire Terrace during the quarter. No more seismic acquisition is planned for 2014 but heritage surveys and other approvals will be sought for a large seismic program amounting to approximately 650 line-km of 2D data expected to be acquired in 2015. There is also a well commitment in 2015 on EP457 and it is expected that the seismic program will inform the selection of a target to be drilled in the second half of 2015.

Rey is currently in discussions with other parties concerning extending its oil and gas footprint in the Canning Basin.

1.2 Perth Basin (EP437)

On 29 May 2014, Rey announced that it had executed a Farm-out Agreement with Key Petroleum (Australia) Pty Ltd (Key) and Caracal Exploration Pty Ltd to farm-in to Exploration Permit EP437 in the North Perth Basin. This permit is located to the north of the large Dongara Field which has been producing oil and gas since 1971 (refer Figure 3 below).

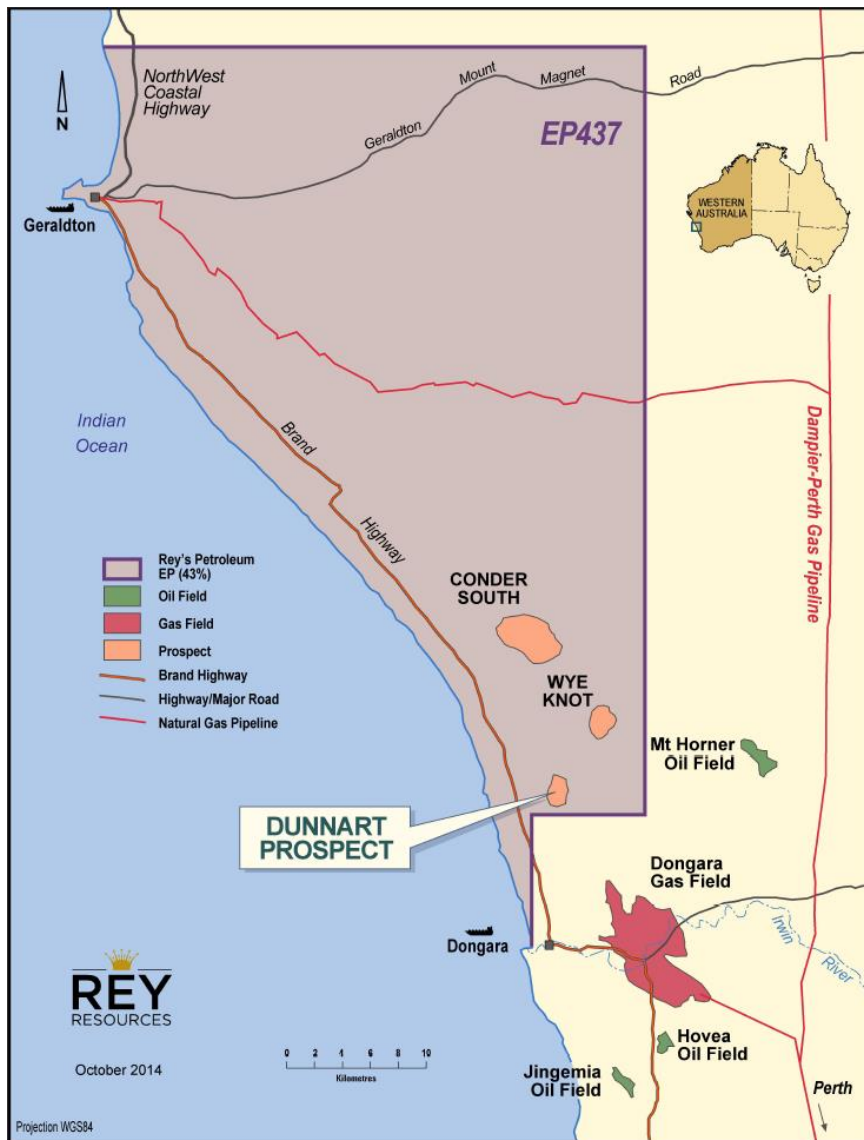


Figure 3. Location of EP437 prospects, North Perth Basin.

Rey (via its wholly owned subsidiary Rey Oil and Gas Perth Pty Ltd) completed its farm-in obligations during the quarter to earn 43.47% in EP437 by contributing 86.94% of the costs of the Dunnart-2 well. The Rey cost was capped at \$1.7 million for the Dunnart-2 exploration well which was managed by Key as Operator of the permit.

Following the farm-out of EP437 to Rey, the beneficial interests are as follows:

Key Petroleum Limited (Key Petroleum (Australia) Pty Ltd) (Operator)	43.47%
Rey (Rey Oil and Gas Perth Pty Ltd)	43.47%
Caracal Exploration Pty Limited	13.06%

Dunnart-2 well summary

The Dunnart-2 well spudded on 13 July 2014. The top of the targeted Bookara Sandstone was encountered at 614m depth and the drill was completed in basement at 654m depth. Upon completion of formation evaluation operations the Department of Mines and Petroleum granted an approval to suspend the well with 7" production casing, which was run to a total depth of 657m and cemented to surface with a 'B' section production wellhead installed. Drilling at Dunnart-2 was carried out by the Operator without incident and under the joint venture approved budgets for both drilling and suspension of the exploration well.

Dunnart-2 oil shows and formation evaluation

- Oil shows over a 20m interval down into granitic basement were encountered during the well-site evaluation.
- Live oil shows were encountered in the first 2.87m of the primary reservoir in the Bookara Sandstone after drilling through the Kockatea Shale.
- An open hole Drill Stem Test ("DST") was carried out on 20 August 2014 to test a section from 614 - 616.87m to confirm reservoir quality and oil recoverability. Results from DST#1 were invalid as the test tool had become plugged with shale fill from the overlying Kockatea Shale Formation.
- Following the circulation and conditioning of the hole the Operator drilled ahead a further 11m into the Bookara Sandstone. Cuttings from the 11m interval indicated an additional two metres of live oil at 625m, which was similar to that of the previously drilled interval.
- A second open hole DST (DST#2) was run over the interval from 614 – 627m. On this occasion the DST tool encountered a mechanical failure and the results from this reservoir section were invalid.
- Good quality Bookara Sandstone samples were retrieved from DST#2 and were found to fluoresce under fluoroscope (UV light) indicating live oil (refer Figure 4 below).
- Following DST#2 the decision was made to drill to Total Depth ("TD") and log the well.
- Oil shows in smaller intervals were observed within the Bookara Formation and additional shows observed during the drilling to TD, including a lower reservoir quality interval above the basement.
- Wireline logging and formation evaluation suggested the existence of reservoir quality sands at the top of the Bookara Sandstones. Formation fluid samples were collected for assaying but these results proved inconclusive with a combination of water, mud filtrate and oil emulsion recovered in the two small sample chambers.

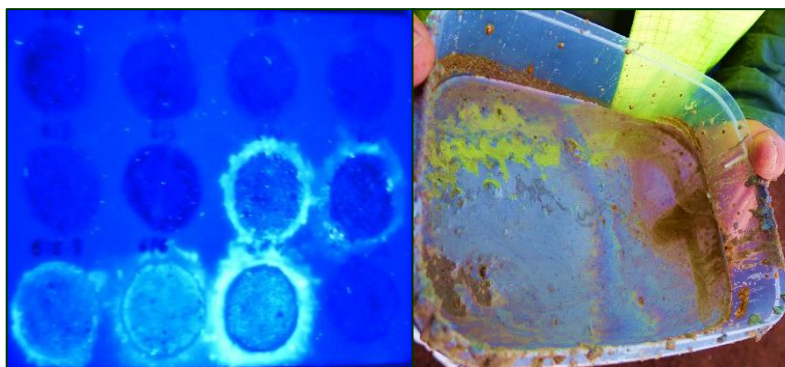


Figure 4: Live oil shows under fluoroscope (left) and live oil from the Bookara Sandstone (right).

Source: Key Petroleum Limited.

Dunnart-2 Interpretation

On 2 October 2014, the Operator announced to the ASX that the Dunnart-2 post well analysis and interpretation indicated there had possibly been invasion of drilling fluids into the top of the Bookara Sandstones during testing. This circumstance may explain the results of the wireline formation sampling as a mix of mud filtrate, formation water and oil emulsion. Real time operational well-site formation evaluation interpretations indicated that there were oil shows over a 20m interval down into the basement. Data also indicated a minimum of five metres of good quality reservoir sand with porosities in excess of 20% at the top of the Bookara Formation, which is believed to be oil bearing at Dunnart-1. These interpretations are in line with assumptions used to estimate determine previously announced prospective resource volumes. (The Dunnart Prospect prospective resource estimate is reported by Key in its 15 April 2014 ASX announcement under the SPE-PRMS Guidelines).

Dunnart-2 Proposed Production Test

The EP437 Joint Venture has agreed to production test Dunnart-2 which involves running a production completion and possibly the installation of an artificial lift system such as a beam pump or other artificial lift design to be engineered. Discussions are still being held to clarify whether it is more viable to carry out the production test in the short-term using a work-over or smaller purpose rig, or to include the test as part of a wider exploration campaign in the Perth Basin using a fit for purpose smaller oilfield rig, which can drill both exploration wells and run completions for production testing.

EP437 Prospectivity Review

Encouraging results throughout the Bookara Formation at Dunnart-2 has upgraded the prospect potential of the area and data from both Dunnart-1 and Dunnart-2 is now being used to determine the forward exploration and development activities to be undertaken in the EP437.

The continual section of oil shows in Dunnart-2 is encouraging and is important in proving the existence of an oil migration path to the north of the permit. Oil migration is from mature source rocks to the south, specifically in the producing area of the Dongara Oil and Gas Field.

To date a number of high impact leads have been identified and matured to drill-ready status. In addition to the Dunnart structure, these prospects include Wye Knot and Conder South. All structures are less than 750m in vertical depth to the primary Bookara objectives.

- The Conder South structure is approximately 6km to the north of Dunnart-2 (refer Figure 5 below). It is the largest structure in the permit, having a mid-case spatial closure of 11 square kilometres, much larger than the Dunnart structure. Conder South is on trend with the Dunnart structure and is interpreted to be up-dip of the main oil migration pathway from Dunnart. Previous drilling around the Conder South area at Conolly-1 and Conder-1 yielded oil shows in the Bookara sequence. Conder-1 was drilled to test an up-thrown fault block immediately to the north of the Conder South prospect. Significant live oil shows were encountered in basal Triassic sands from 199 – 211m. Oil would have had to migrate through the Conder South structure to charge the oil shows encountered at Conder-1. To the east of the main Conder structure, Conolly-1 was drilled to test an up-thrown fault block north of the main east-west fault that confines the Conder South prospect. The well encountered minor oil shows in basal Triassic sands at 410m. Good oil shows were seen in the overlying Cadda Formation at 215m indicating some early migration of oil in basal Triassic sands and then later migration into the upper Cadda Formation. This could be indicative of oil being leaked off from both the Dunnart and Conder South structures.

- The Wye Knot prospect, located nearly 10km west of the Mount Horner Oilfield, is a three-way dip-closed anticline with a fault seal. (The Wye Knot Prospect prospective resource estimate is reported by Key in its 15 April 2014 ASX announcement under the SPE-PRMS Guidelines).

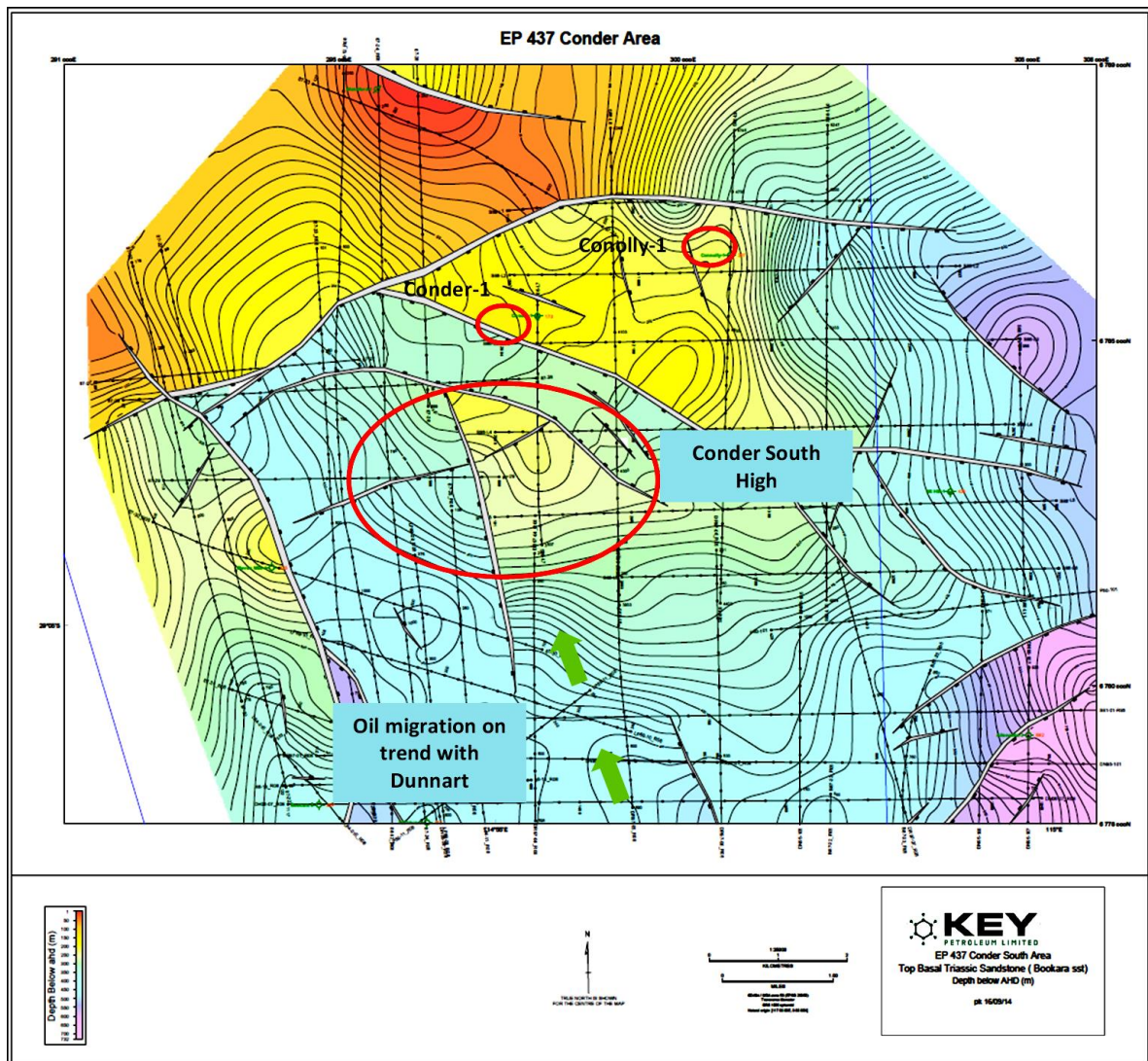


Figure 5: The Conder South high depicted in the middle of the map is on-trend with the Dunnart structure and interpreted to be on the main oil migration pathway from both the Dunnart structure and the producing Dongara Oil and Gas Field. Source: Key Petroleum Limited.

In light of these results and evaluation of the offset wells, the joint venture is determining the prospective resource size of the Conder South structure and discussions have been held with the land owner with a view to a drilling in 1H 2015.

2. Coal

Rey's thermal coal tenements are located in the Canning Basin and are partly contiguous with the Fitzroy Blocks.

2.1 Duchess Paradise Coal Project

Rey continues to manage the Duchess Paradise thermal coal Project (Duchess Paradise) through the Western Australia and the Commonwealth approvals processes. During the quarter, Rey provided to the Environmental Protection Authority (EPA) responses to submissions and comments raised in connection with the Project's Public Environmental Review (PER). The project proposal as set out in the PER is in the process of assessment by the EPA which will make a recommendation on environmental approval to the State and Commonwealth Environment Ministers.

2.2 Coal exploration

No field work was undertaken during the quarter. Rey has continued to refine its exploration tenement holding by surrendering areas with lower coal prospectivity or deeper coal. Rey retains a significant, prospective tenement package of approximately 1,400km² of which 1,000km² is exclusive of the Duchess Paradise Project tenements. Where feasible, the most significant of the coal targets are being secured by Retention Licence/Status application.

3. Corporate

On 16 July 2014, the Company announced that it had entered into a Strategic Cooperation Framework Agreement with China National Fuel Corporation (CNFC) a China based energy company. The agreement formalises discussions that have occurred over the past 12 months and has a key objective that the parties will jointly establish and develop oil and gas opportunities together with associated infrastructure in Western Australia, with an emphasis in the Canning Basin. CNFC was established in 1988, and is a Chinese state owned corporate with main businesses of petroleum and natural gas distribution, as well as coal mining. As at December 2013 the total assets of CNFC were in excess of RMB¥31 billion with annual turnover exceeding RMB¥10 billion.

On 30 June 2014 the Company announced that it was undertaking a capital raising of up to \$3 million at 10 cents per share. The first \$1 million was received prior to the quarter and the first tranche of shares issued on 10 July 2014; the second tranche of \$1.5 million was received and shares issued on 19 August 2014; and the final tranche of 4,854,368 was issued for 10.3c per share on 9 September 2014.

The Company's cash balance as at 30 September 2014 was \$2.2 million.

As part of an ongoing capital management strategy, on 17 December 2013 the Company announced an on market buyback for up to 10% of its issued capital over a period of 12 months. No shares were acquired under the buyback scheme during the quarter and no shares were acquired during October. A total of 1,252,151 shares have been acquired and cancelled since the scheme was initiated.

The timing and quantity of further shares purchased will depend on market conditions and other future events.

Reserve and Resources Statements

P1-seam Reserves Estimates for Proposed Duchess Paradise Mine Plan – October 2014 (JORC 2012 Code)

Mining Type	Proved	Probable	Total
Reserves (ROM Tonnes) ¹			
Slot Excavation	2,016,000	495,000	2,510,000
Highwall Mining	18,427,000	5,333,000	23,760,000
Total	20,442,000	5,828,000	26,270,000
Marketable Cleaned Tonnes (ar) ^{2, 3}			
Slot Excavation	1,363,000	334,000	1,697,000
Highwall Mining	12,480,000	3,612,000	16,093,000
Total	13,843,000	3,947,000	17,790,000 ⁴

¹ (ROM) run of mine.

² (ar) as received.

³ Average Mine Recoveries and Yields to generate Marketable Cleaned Coal tonnages is presented in Table below. A&B Mylec calculated a 67.3 percent wet yield based on coal quality data from 60 cored holes and seam thickness data from 380 available drill holes, as reported in the A&B Mylec 2011 DFS report (Including 2011 DFS report Addendum). The stated seam thickness data was supplied by Marshal Miller & Associates (now Cardno) for use in the 2011 DFS report Addendum. No further works has been completed by A&B Mylec since the completion of these 2011 works. Marshall Miller & Associates supplemented the thickness database with the available drill holes (385 holes) to derive a weighted average 67.7% wet yield.

⁴ An additional 2.7 million marketable cleaned tonnes (ar) derived from inferred resource are included in the mine plan, which totals 20.5 million tonnes (ar).

P1-seam Marketable Cleaned Coal Estimate Derivation Factors – October 2014 (JORC 2012 Code)

Type	Average Mine Recovery (%)	Total Run of Mine Coal (ar) ¹ (Mt) ²	Wet Yield based on Expected Total Moisture (%) ³	Marketable Cleaned Coal ⁴ (ar) ¹ @ 17.3 % Total Moisture (Mt) ²
Slot Excavation	95	2.5	67.6	1.7
Highwall Mining	51	23.8	67.7	16.1
Total		26.3	67.7 ³	17.8

¹ (ar) as received.

² (Mt) million tonnes. ³ A&B Mylec calculated a 67.3 percent wet yield based on coal quality data from 60 cored holes and seam thickness data from 380 available drill holes, as reported in the A&B Mylec 2011 DFS report (Including 2011 DFS report Addendum). The stated seam thickness data was supplied by Marshal Miller & Associates (now Cardno) for use in the 2011 DFS report Addendum. No further works has been completed by A&B Mylec since the completion of these 2011 works. Marshall Miller & Associates supplemented the thickness database with the available drill holes (385 holes) to derive a weighted average 67.7% wet yield.

⁴ an additional 2.7 million marketable cleaned tonnes (ar) derived from Inferred Resources are included in the mine plan, which totals 20.5 million marketable cleaned tonnes (ar).

Reserves are included in the following Resources statement.

Duchess Paradise P1-seam Resources - October 2014 (JORC 2012 Code)

Duchess Paradise Resources Estimate (in-place, with <i>in situ</i> moisture) Million Tonnes					
Measured	Indicated	Inferred (Interpolated)	Inferred (Extrapolated)	Total Inferred ¹	Total
60.2	78.5	51.3	115.7	167.1	305.8

¹ Difference in Total Inferred Resources due to rounding

For further information on the above summary Reserves and Resources estimates, please refer to the Company's ASX announcement dated 28 October 2014.

Competent Persons Statements

Coal

Coal Quality

The coal quality information in this report was compiled under the supervision and reviewed by Mr Andrew Meyers, who is a Fellow of the Australasian Institute of Mining and Metallurgy (Member since 1993) and Director of A&B Mylec Pty Ltd, metallurgical and coal technology consultants. Andrew Meyers has more than 20 years' experience in coal processing for coal projects and coal mines both in Australia and overseas. With this level of experience, he is adequately qualified as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code, 2012 Edition).

Coal Resources Estimate

Estimate of P1-seam Resources in the Duchess Paradise area is in accordance with:

- "The Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves" – 2003 Edition prepared by the Coalfields Geology Council of New South Wales and the Queensland Mining Council;
- JORC Code, 2012 Edition, and as adopted by the Australian Stock Exchange; and
- ASX Companies Update 03/07 and the JORC paper of June 19th 2007, Guidance for Practitioners.

The P1-seam Resources estimate and discussion presented in this report is based on information supplied by Rey Resources or by companies employed by Rey Resources, as well as information collected during exploration activities under the guidance of Rey Resources. The information has been reviewed by Mr. K. Scott Keim, C.P.G., Area Manager, Senior Principal for Cardno, and Mr. Ronald H. Mullenex, C.P.G., C.G.W.P., Senior Principal for Cardno.

Mr. Keim has over 32 years of experience in coal-related work, including but not limited to coal exploration and coal reserve/resource estimation. He is a member of the Society of Mining, Metallurgy, and Exploration (SME), which is part of The American Institute of Mining, Metallurgy, and Petroleum Engineers (AIME). He is also a member of the American Institute of Professional Geologists (AIPG), member of the Board of Directors of The Penn State Research Foundation, and on the Advisory Board to the Virginia Center for Coal and Energy Research, affiliated with the Virginia Polytechnic Institute and State University. Mr. Keim holds a Bachelor of Science degree from The Pennsylvania State University. His education and experience qualify him as a Competent Person as defined in the JORC Code, 2012 Edition.

Mr. Mullenex has over 40 years of experience in diverse geologic and hydrogeologic applications related to all aspects of coal geology. One of his specific areas of expertise involves application of stratigraphic and deposystem analysis to coal resource and reserve delineation and mineability determination. Mr. Mullenex is a member of the American Institute of Professional Geologists, the Association of Engineering Geologists, the Geological Society of America (Coal Geology and Hydrogeology Divisions), SME of AIME, Association of Ground Water Scientists and Engineers (division of National Ground Water Association), International Mine Water Association, and the American Society of Mining and Reclamation. Mr. Mullenex holds both Bachelor of Science and Master of Science degrees in Geology from West Virginia University. He serves on the Visiting Committee for the Department of Geology and Geography at WVU. His education and experience qualify him as a Competent Person as defined in the JORC Code, 2012 Edition.

Coal Reserves Estimate

Estimate of P1-seam Reserves in the Duchess Paradise area is in accordance with:

- "The Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves" – 2003 Edition prepared by the Coalfields Geology Council of New South Wales and the Queensland Mining Council;
- JORC Code, 2012 Edition, as adopted by the Australian Stock Exchange; and
- ASX Companies Update 03/07 and the JORC paper of June 19th 2007, Guidance for Practitioners.

The P1-seam Reserves estimate and discussions presented in this report are based on information supplied by Rey Resources or by companies employed by Rey Resources, as well as information collected during exploration activities under the guidance of Rey Resources. The information has been reviewed by Mr. Gerard Enigk, B.S.M.E., P.E., Manager of Engineering for Cardno and Mr. Peter Christensen, Mining Vice President for Cardno.

Mr. Enigk has over 37 years of experience in coal-related work, including but not limited to coal reserve/resource estimation, mine planning and design, mine operations, mineral valuation and appraisals, and geotechnical evaluations. He is a Registered Member of the Society of Mining, Metallurgy, and Exploration (SME), which is part of The American Institute of Mining, Metallurgy, and Petroleum Engineers (AIME). Mr. Enigk holds a Bachelor of Science degree in Engineering of Mines from The Pennsylvania State University and a Master's degree in Environmental Science from the West Virginia Graduate College, and is a Registered Professional Engineer in West Virginia. Mr. Enigk has served in the capacity as Manager of Engineering and as a production supervisor for operating coal companies, and has extensive experience with surface and underground mining operations, including the use of highwall mining systems. Mr. Enigk is a certified mine foreman in West Virginia. His education and experience qualify him as a Competent Person as defined in the JORC Code, 2012 Edition.

Mr. Christensen has over 28 years of experience in underground and surface coal mining including the use of highwall mining systems. He is a member of the Society of Mining, Metallurgy, and Exploration (SME), which is part of The American Institute of Mining, Metallurgy, and Petroleum Engineers (AIME). He is also a member of the Australasian Institute of Mining and Metallurgy, the Rocky Mountain Coal Mining Institute, the Denver Mining Club, and the Denver Coal Club. Mr. Christensen is a certified underground mine foreman in New Mexico. Mr. Christensen holds a Bachelor of Engineering degree in Mining Engineering from University of Queensland, Australia. He has broad international mining experience in open cut, underground and highwall coal mining. He has held various senior positions with major mining companies and service providers including roles of engineering manager, operations manager, project manager and statutory responsibility as Site Senior Executive in Queensland, Australia. His experience includes managing feasibility studies, new mine development, mining method and equipment selection, mine planning and cost estimation. He has conducted economic and financial evaluations of mining operations as well as audits and reviews of mining practices, cost structures and operating performance. He has also developed and implemented safety management systems. His education and experience qualify him as a Competent Person as defined in the JORC Code, 2012 Edition.

The information concerning Duchess Paradise P1Seam Reserves and Resources Estimate was first reported to ASX on 28 October 2014 in a report entitled "Duchess Paradise P1-seam Coal Resources and Reserves Updated to JORC 2012" and is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Coal Reserves and Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the applicable Competent Person's findings are presented have not been materially modified from the original market announcement.

Coal Exploration

The information in this report that relates to Exploration Results is based on information compiled by Mr Thomas Reddicliffe who is a Fellow of Australasian Institute of Mining and Metallurgy (Member since 2002), and is contracted to provide geological services to Rey Resources. Mr Reddicliffe has sufficient experience to qualify as a Competent Person for the purposes of the JORC Code, 2012 Edition. Mr Reddicliffe consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Petroleum Exploration

The prospective resources and technical information quoted has been compiled and/or assessed by Mr Keith Martens who is a self-employed consulting professional geologist, and a continuous Member of the Petroleum Exploration Society of Australia since 1999. Mr Martens has a BSc degree in geology/geophysics and has over 35 years' experience in the petroleum industry. Mr Martens has consented to the inclusion in this report of the matters based on the information in the form and context in which they appear.

Corporate Directory

Board of Directors

Min Yang	Non-executive Chairman
Kevin Wilson	Managing Director
Geoff Baker	Non-executive Director
Dachun Zhang	Non-executive Director
Jin Wei	Non-executive Director

Company Secretary

Shannon Coates

Capital Structure

Rey Resources is listed on the Australian Securities Exchange (ASX: REY) and had 660.1 million ordinary shares on issue and 4.9 million performance rights as at 30 September 2014.

Share Registry

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Tenement Tenure Status (as at 30 September 2014)

Tenure ID ⁽⁴⁾	Tenure Type	Holder (Rey subsidiary company)	Ownership% begin quarter	Ownership% end quarter
	Mineral Licences			
E04/1219	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/1383 ⁽²⁾	Exploration Licence	Rey Freney Pty Ltd	100	0
E04/1386	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1515 ⁽¹⁾	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/1516 ⁽¹⁾	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1517 ⁽¹⁾	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/1518 ⁽¹⁾	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1519	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1520 ⁽¹⁾	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1521 ⁽¹⁾	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1522 ⁽¹⁾	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1523 ⁽¹⁾	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1524 ⁽¹⁾	Exploration Licence	Rey Mt Fenton Pty Ltd	100	100
E04/1525 ⁽¹⁾	Exploration Licence	Rey Mt Fenton Pty Ltd	100	100
E04/1529 ⁽¹⁾	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1723 ⁽²⁾	Exploration Licence	Camballin Energy Pty Ltd	100	0
E04/1728 ⁽²⁾	Exploration Licence	Rey Victory Pty Ltd	100	0
E04/1753	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1767	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1768	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1769	Exploration Licence	Rey Mt Fenton Pty Ltd	100	100 ²
E04/1770	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1785	Exploration Licence	Rey Mt Fenton Pty Ltd	100	100
E04/1833	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1834	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1835 ⁽²⁾	Exploration Licence	Rey Mt Fenton Pty Ltd	100	0
E04/1842 ⁽²⁾	Exploration Licence	Rey Victory Pty Ltd	100	0
E04/2089 ⁽²⁾	Exploration Licence	Camballin Energy Pty Ltd	100	0
E04/2138	Exploration Licence	Camballin Energy Pty Ltd	100	0
E04/2139	Exploration Licence	Camballin Energy Pty Ltd	100	0
E04/2380 ⁽³⁾	Exploration Licence Application	Blackfin Pty Ltd	0	100
L04/0058	Miscellaneous Licence Application	Blackfin Pty Ltd	100	100
M04/0453	Mining Lease Application	Blackfin Pty Ltd	100	100
R04/2	Retention Licence Application	Camballin Energy Pty Ltd	100	100
R04/3	Retention Licence Application	Blackfin Pty Ltd	0	100
	Petroleum Licences			
EP457	Exploration Permit	Rey Oil and Gas Pty Ltd	25	25
EP458	Exploration Permit	Rey Oil and Gas Pty Ltd	25	25
EP437	Exploration Permit	Rey Oil and Gas Perth Pty Ltd	43.47 earning	43.47

⁽¹⁾ EL subject to Mineralogy application. Rey received applications for forfeiture and objections to applications for exemption from expenditure from Mineralogy Pty Ltd ("Mineralogy") in October 2009 affecting 11 mineral exploration licences (the "ELs"). While the ELs cover areas of strategic interest to Rey, they do not relate to the Duchess Paradise Coal Project. A hearing was conducted before the Mining Warden in 2012. In September 2013, the Warden recommended to the Minister for Mines and Petroleum that an exemption from expenditure on one EL should be granted by the Minister, and that exemptions from expenditure on ten ELs should

not be granted. In August 2014, the Minister granted certificates of exemption from expenditure for three of the eleven ELs (E04/1515; 1517; and 1518). The matter has now been returned to the Mining Warden in relation to the pending applications for forfeiture and the Company expects the matter to be heard in 2015.

- (2) Surrendered post Quarterly Reporting Period.
- (3) Application made post Quarterly Reporting Period.
- (4) All tenements located in Western Australia.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

REY RESOURCES LIMITED

ABN

84 108 003 890

Quarter ended ("current quarter")

30 Sep 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(2,039)	(2,039)
	(b) development	(156)	(156)
	(c) production	-	-
	(d) administration	(573)	(573)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	12	12
1.5	Interest and other costs of finance paid	(32)	(32)
	Net Operating Cash Flows	(2,788)	(2,788)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(7)	(7)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans from other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Bonds received	-	-
	- Bonds paid	-	-
	Net investing cash flows	(7)	(7)
1.13	Total operating and investing cash flows (carried forward)	(2,795)	(2,795)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,795)	(2,795)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares net of costs	2,000 ⁽¹⁾	2,000
1.15	Share buy-back cost	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(15)	(15)
	Net financing cash flows	1,985	1,985
	Net increase (decrease) in cash held	(810)	(810)
1.20	Cash at beginning of quarter/year to date	3,000	3,000
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,190	2,190

(1) Relates to Company's placement to raise \$3 million as announced on 30 June 2014. \$1 million was received prior to the start of the quarter, with the remaining \$2 million received during the quarter..

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'ooo
1.23 Aggregate amount of payments to the parties included in item 1.2	171
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 Directors' fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'ooo	Amount used \$A'ooo
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	500
4.2 Development	150
4.3 Production	-
4.4 Administration	400
Total	1,050

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	2,190	3,000
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,190	3,000

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
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+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

6.1	Interests in mining tenements relinquished, reduced or lapsed	E04/2138 E04/2139	Relinquished Relinquished	100% 100%	NIL NIL
6.2	Interests in petroleum tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	660,056,519	660,056,519		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through buy-backs	25,000,000 4,854,368	25,000,000 4,854,368		10 cents 10.3 cents
7.5	*Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

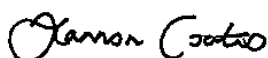
Appendix 5B
Mining exploration entity quarterly report

7.7	Options (description and conversion factor)				
7.8	Issued during quarter				
7.9	Exercised during quarter	-			
7.10	Expired during quarter				
7.11	Cancelled during quarter	-			
7.12	Performance Rights (description)	1,500,000 985,294 <u>2 426,667</u> <u>4,911,961</u>			<i>Expiry date</i> 30.06.2015 30.06.2015 30.06.2016
7.13	Issued during quarter				
7.14	Exercised during quarter				
7.15	Expired during quarter				
7.16	Cancelled during quarter				
7.17	Debentures (totals only)	N/A	N/A		
7.18	Unsecured notes (totals only)	N/A	N/A		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30 Oct 2014

(Company secretary)

Print name: Shannon Coates

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.