

# December 2020

# Quarterly Report

## HIGHLIGHTS

### Projects

- Participate in Queensland Gas Project
- EP457 & EP458 Farmin term sheet signed by Origin

Authorised by:  
Board of Rey Resources Limited

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Rey Resources Limited (ASX: REY) (“Rey” or “the Company”) is focused on developing its oil and gas 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 Canning Basin in the northwest of Western Australia (refer Figure 1 below). Current ownership of the Fitzroy Blocks is Rey (via its wholly owned subsidiary Rey Oil and Gas Pty Ltd) (40%) and Buru Fitzroy Pty Ltd (**Buru Fitzroy**), a wholly owned subsidiary of Buru Energy Limited (ASX: BRU) (60% and Operator).

On 21 December 2020, the Company announced that it has entered into a legally binding letter agreement with Buru and Origin. According to the agreement, both Buru and Rey will farmout 20% of their respective participating interests to Origin. Origin will need to fully fund several work programs including 2D seismic work with total costs of \$3 million across the two permits in 2021 and an optional one well drilling before 2025.

At the moment Origin is drafting a formal farmin agreement which is expected to be executed by 31 March 2021. Please refer to Rey announcement dated 21 December 2020 for the principal terms of the letter agreement.

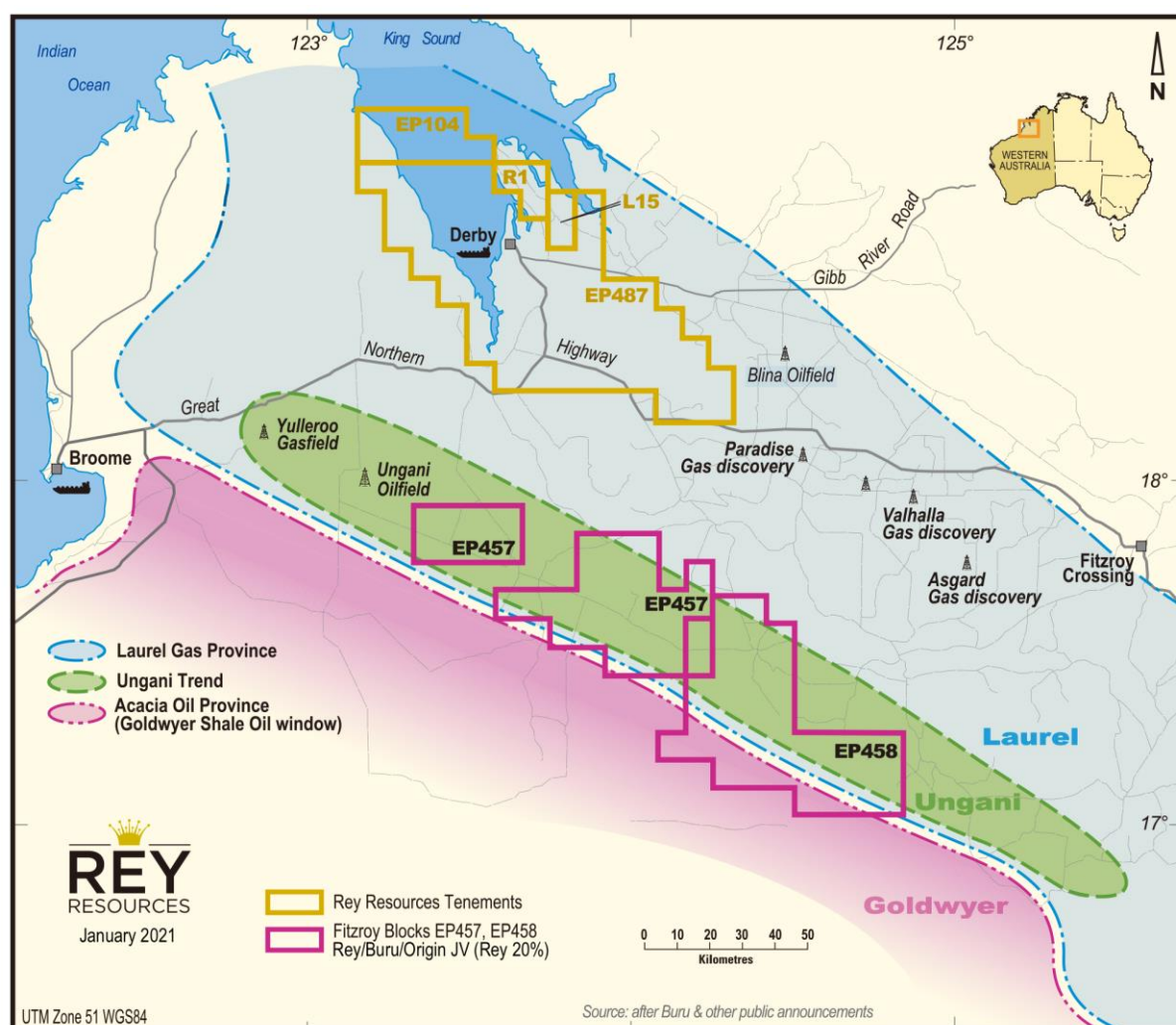


Figure 1: The three major prospective trends relative to Fitzroy Blocks EP457 and EP458 and Derby Block EP487.

## 1.2 Derby Block (EP487)

The Company currently holds a 100% interest in petroleum exploration permit EP487, the Derby Block, via its 100% owned subsidiaries Rey Lennard Shelf Pty Ltd and Rey Derby Block Pty Ltd.

The Derby Block is considered to be predominantly a Wet Laurel Basin Centred Gas play (BCG) which is regionally extensive throughout the Canning Basin (refer to Figures 2 and 3 below) and has been the subject of exploration elsewhere in the Canning Basin by other parties in 2015, resulting in encouraging flow tests by Buru at Valhalla and Asgard (refer to various BRU ASX releases including releases dated 20 January 2016 and 18 April 2016).

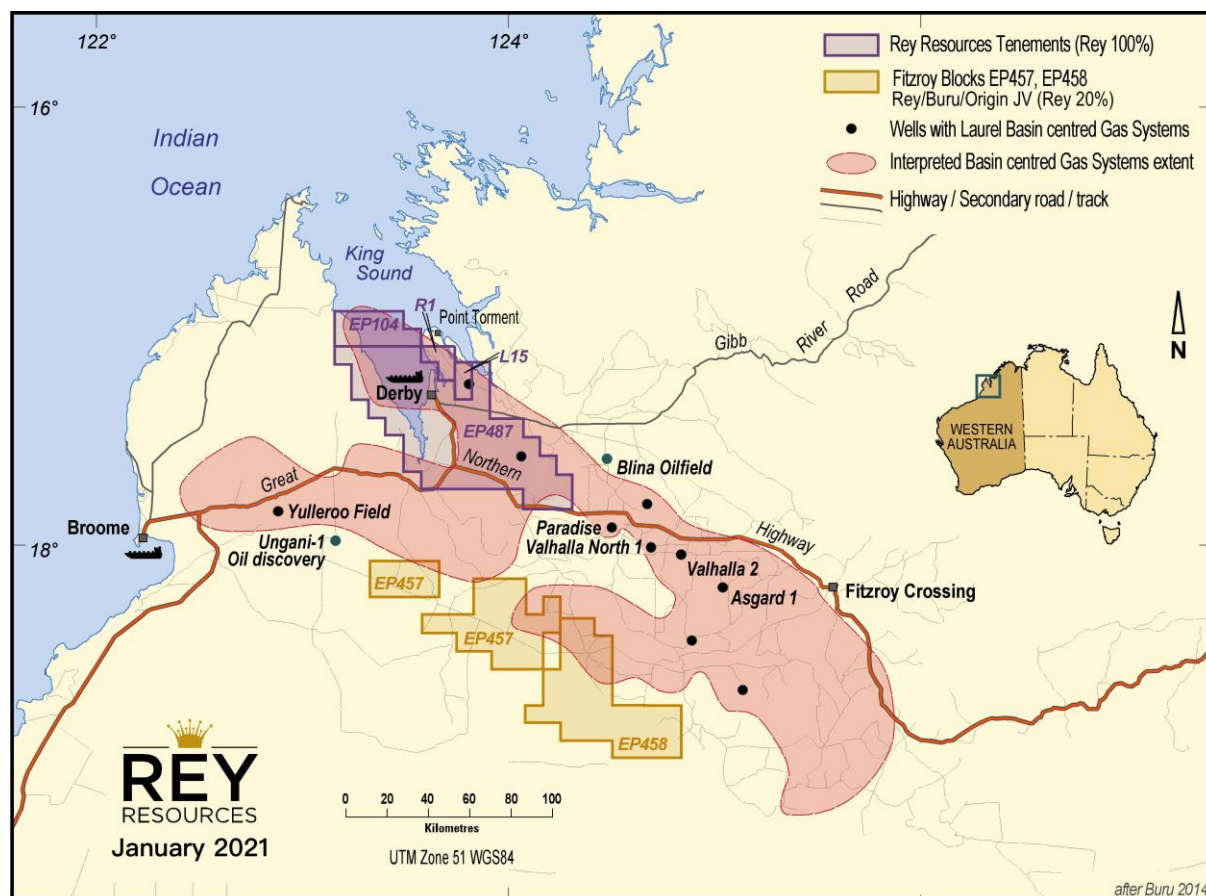


Figure 2: Interpreted extent of the Laurel Basin gas system in relation to Rey's petroleum interests (after Buru and others).

During the quarter, the suspension and extension application was approved by DMIRS. The commitment drilling in permit year 2 has been deferred to end of 2021. Rey continues to seek for potential investors to farmout the drilling program for EP487.

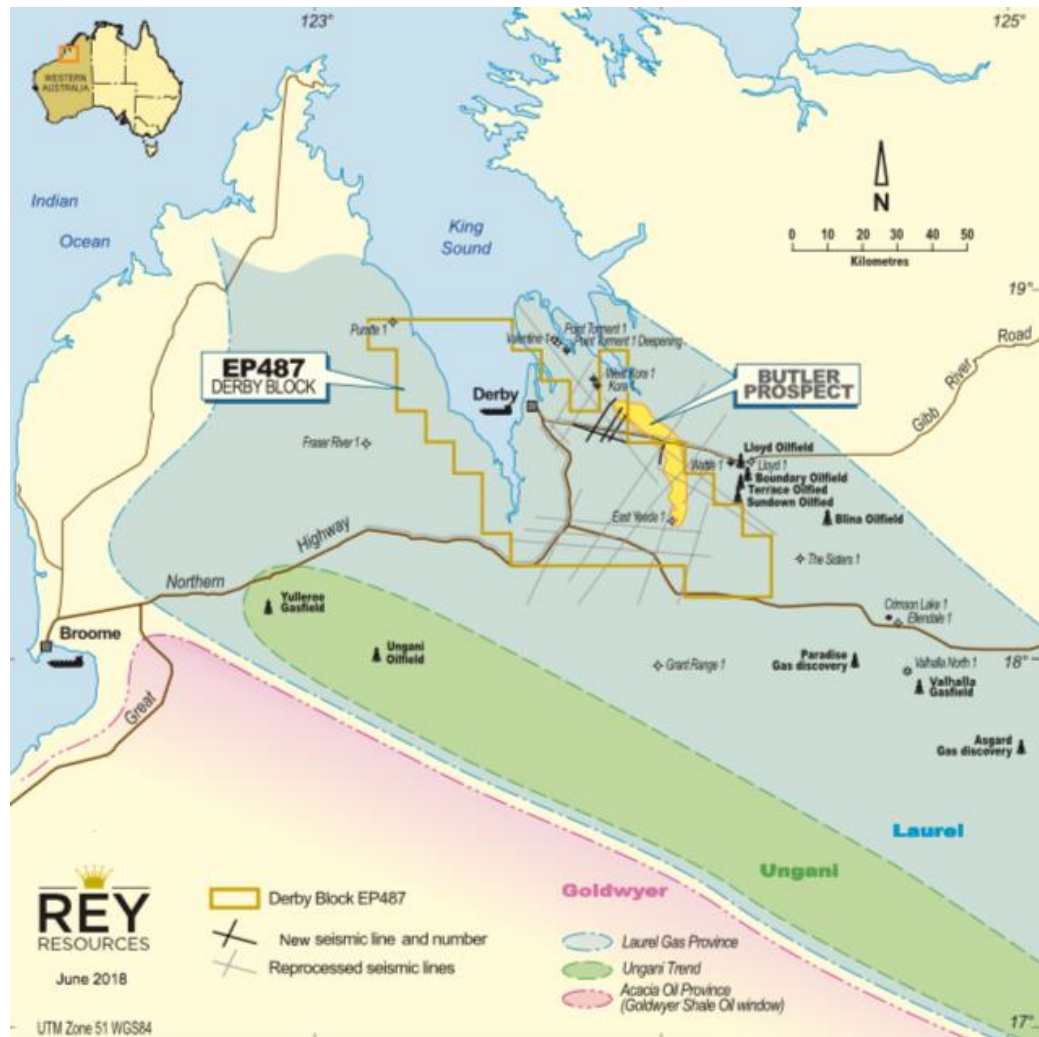


Figure 3: EP487 Location

### 1.3 Lennard Shelf Blocks

#### EP104, R1 and L15

Rey holds a 100% interest in the Lennard Shelf Blocks, comprising EP104, a Retention Lease (R1) and one Production Licence (L15). The Lennard Shelf Blocks are situated to the north of Rey's existing interests in the Canning Basin (refer Figure 4) petroleum exploration licence, EP487 covering a total area of approximately 1,145 km<sup>2</sup> and are considered prospective for conventional oil and tight gas.

During the quarter, the geochemical survey technical report and committed simulation studies for R1 has been completed and under review by Rey. A further geology study has been proposed for future development.

Rey actively sought appropriate methods for the oil disposal for the tank in L15. An extension application for oil disposal has been approved by DMIRS which requires Rey to complete the work before June 2021. Rey has approved the quotation from Buru for oil disposal.

## 2. Coal

The Duchess Paradise Coal Project (**DP Project**) is a proposed bituminous thermal coal operation located in the Canning Basin of Western Australia and is partly contiguous with the Fitzroy Blocks. It has a reported Mineral Resource of 305.8Mt (JORC 2012 Code) (see ASX announcement on 28 October 2014).



Following the execution of the Access Deed with the last objector to the Mining Licence Application, the Court is making the final recommendations to the Minister. DMIRS also requested Rey to re-start the negotiation process. Rey continues the negotiation with Native Title during the quarter for a heritage agreement. A protocol drafted by the Native Title has been received, reviewed and revised. By the date of this report, Rey has not received further comments on the updated terms from Native Title.

### **3. Corporate**

During the quarter, the Company bought back 205,723 shares under the on-market buyback program at an average price of \$0.218 per share.

As of 31 December 2020, the Company together with its subsidiaries maintained a cash balance of \$92,000 and an available loan facilities of \$2.55 million.

As required pursuant to section 6 of the Company's Appendix 5B, the Company paid approximately \$33,000 to related parties during the quarter, of which \$16,000 were consulting fees and \$17,000 were Director fees.

### **4. Competent Persons Statements**

#### ***Petroleum Exploration***

*The technical information quoted for the Derby Block has been compiled and/or assessed by Mr. Keven Asquith who is a qualified petroleum reserves and resources evaluator. Mr Asquith is Director of 3D-GEO Pty Ltd and has over 30 years of geotechnical experience in the Petroleum Industry, as well as seven years of Project Management in the Government Sector. His experience includes four years at ESSO Resources Canada, 16 years at BHP Petroleum in Melbourne and the 10 years consulting at 3D-GEO. Keven has an Honours BSc in Geology and a Diploma in Project Management. He has been a member of the American Association of Petroleum Geologists for over 25 years. The Company confirms that the form and context in which the information is presented has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this announcement.*

*The technical and the prospective reserves and resources information quoted for L15 is quoted from Rey's announcement on 14 May 2018 and was compiled and/or assessed by Mr Doug Barrenger. Mr Barrenger received a BSc degree (geology) from the Australian National University and a Graduate Diploma in computing Science from the Queensland University of Technology. He has more than 35 years of experience in the petroleum industry. He has written numerous Independent Expert Reports, Resource Reports and Acreage and Resource Valuations, for IPO on several stock exchanges. He was the General Manager Subsurface at Exoma Energy through 2012 and is a founding partner of Fluid Energy Consultants (2013). He is a member of the Petroleum Exploration Society of Australia (PESA), the Society of Petroleum Engineers (SPE) and a thirty five-year, Active Member of the American Association of Petroleum Geologists (number 330431). The Company confirms that the form and context in which the information is presented has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this announcement.*

## Corporate Directory

### Board of Directors

Min Yang	Non-Executive Chairman
Wei Jin	Managing Director
Geoff Baker	Non-executive Director
Dachun Zhang	Independent Non-Executive Director
Louis Chien	Alternate Non-Executive Director (alternate to Min Yang)

### Company Secretary

William Kuan

### Capital Structure

Rey Resources is listed on the Australian Securities Exchange (ASX: REY) and had 211,954,716 ordinary shares on issue as at 31 December 2020.

### Share Registry

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Level 7, 207 Kent Street  
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## Tenement Tenure Status (as at 31 December 2020)

Tenure ID <sup>1</sup>	Tenure Type	Holder (wholly owned Rey subsidiary company)	Ownership% beginning quarter	Ownership% end quarter
	<b>Mineral Licences</b>			
E04/1519	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1770	Exploration Licence	Blackfin Pty Ltd	100	100
M04/0453	Mining Lease Application	Blackfin Pty Ltd	100	100
	<b>Petroleum Permits</b>			
EP457	Exploration Permit	Rey Oil and Gas Pty Ltd	40	40
EP458	Exploration Permit	Rey Oil and Gas Pty Ltd	40	40
EP487 <sup>2</sup>	Exploration Permit	Rey Lennard Shelf Pty Ltd ("RLS")	50	50
EP487 <sup>2</sup>	Exploration Permit	Rey Derby Block Pty Ltd ("RDB")	50	50
L15 <sup>3</sup>	Production Licence	Gulliver Productions	100	100
R1	Retention Licence	Gulliver Productions	100	100
EP104	Exploration Permit	Gulliver Productions	100	100

<sup>1</sup> All tenements are located in Western Australia.

<sup>2</sup> Royalties attaching to EP487: RLS may, at its election, on the grant of a production licence on EP487, either: grant Backreef Oil Pty Ltd a 1% royalty on sales proceeds from future production from its interest in EP487; or pay \$2 million to Backreef.