

ASX ANNOUNCEMENT

21 APRIL 2021

Further Extension of Surat Gas Project

Following the announcement of Rey Resources Limited (the “**Company**”) on 5 March 2021 regarding the extension of Surat Gas Project stage two investment, the Company advises that Southernpec (Australia) Pty Ltd (“**SouthnA**”) has agreed to further extend the commencement date of stage two investment to 30 June 2021 to allow more time for the preparation of planned flow testing work with JV partner.

About the Surat Gas Project

The Surat Gas Project consists of 7 production licences in Surat Basin in Queensland. Armour Energy (Surat Basin) Pty Ltd is the only joint venture partner (non operator) of Surat Gas Project (Waldegrave JV). The participating interests of each licence owned by SouthnA is listed as below:

Production Licence	SouthnA interests	Armour interests	Resources
PL69	53.75%	46.25%	Gas
PL28W	53.75%	46.25%	Gas
PL12W	53.75%	46.25%	Gas
PL320W	53.75%	46.25%	Gas
PL11W/PLA321	53.75%	46.25%	Gas
PL89	53.75%	46.25%	Gas
PL11SC	75%	25%	Gas

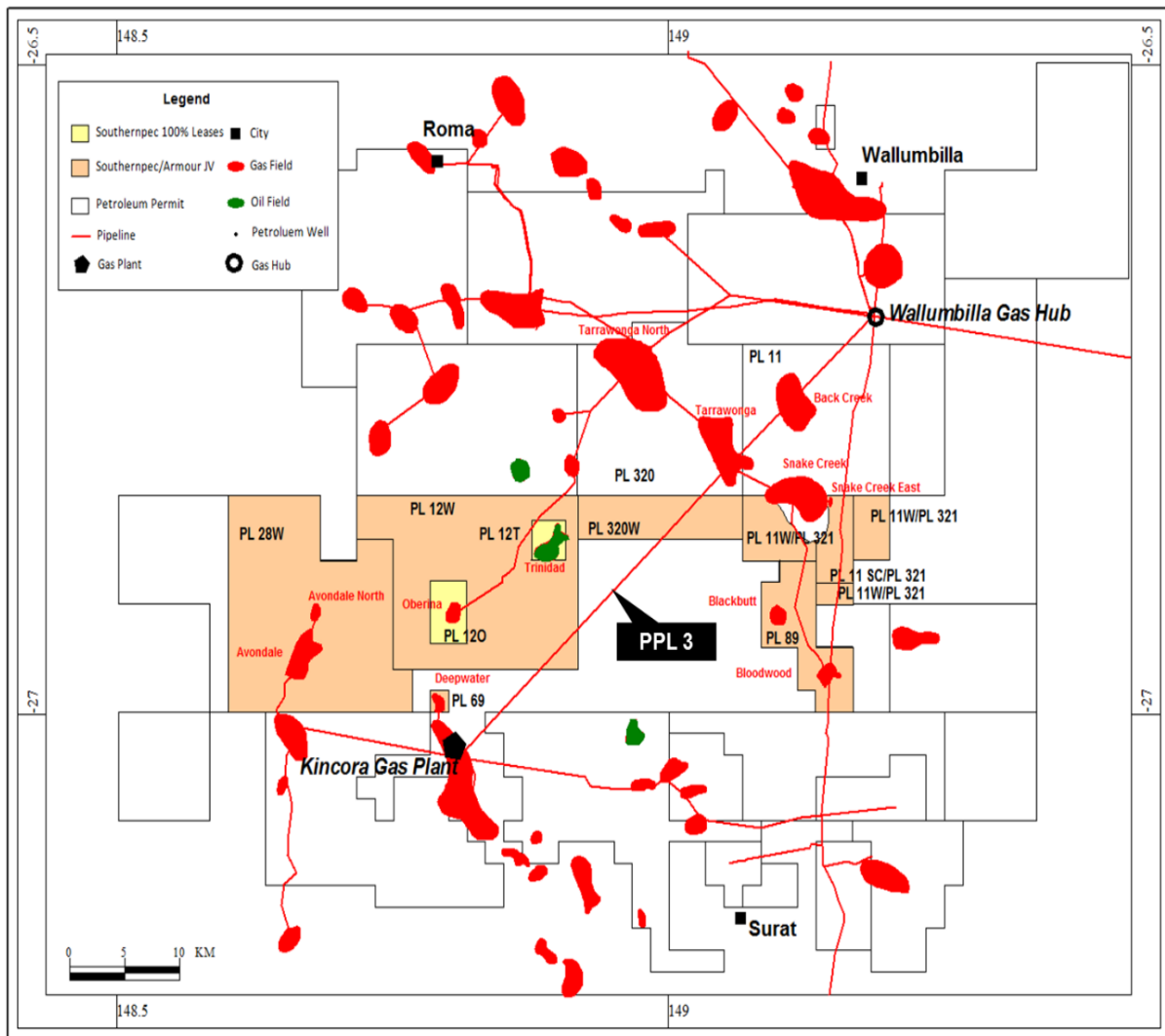


Figure 1: Surat Gas Project Location in Surat Basin

Some of the production licences including PL28, PL69 and PL89 had good production history from 5 wells since 1980s. These wells have been shut down since 2012 due to suspension of Kincora gas processing plant. Based on current studies, it believes that the 3 Avondale wells in PL28 and one Deepwater well in PL69 have good potential for gas production using existing flowlines. Many prospects also have not been tested.

Gas produced from the Surat Gas Project is likely to be sold through the Wallumbilla Gas hub. Subject to entering into an arrangement with Armour Energy, the adjacent Kincora Gas Processing Plant may provide a commercialisation pathway and connect the Surat Gas Project to Wallumbilla.

Kincora Gas Processing Plant currently has available capacity of up to 20 TJ/day with potential increase to 30 TJ/day. SouthnA has initially discussed with Armour that the gas produced from Waldegrave JV permits is welcomed to be processed through Kincora Gas Processing Plant.

Authorised by the Board of Rey Resources Limited

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