

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

REY RESOURCES LIMITED

ABN

84 108 003 890

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	(55)
(e) administration and corporate costs	(165)	(448)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(437)	(1,139)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(602)	(1,642)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(182)	(533)
(e) investments	-	-
(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(182)	(533)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	800	2,120
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Share Buy Back)	(2)	(2)
3.10	Net cash from / (used in) financing activities	798	2,118

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	101	172
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(602)	(1,642)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(182)	(533)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	798	2,118

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	115	115

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	115	101
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	115	101

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	52 *
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

* Consulting fees (\$13,500), Director fees (\$38,676)

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7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	19,000	14,280
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	19,000	14,280
7.5	Unused financing facilities available at quarter end		4,720
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	The total facility amount comprises:		
	(i) <u>ASF Loan</u> - an unsecured loan facility of \$2 million from ASF Group Limited, a substantial shareholder of the Company. Interest accruing at the rate of 12% per annum, maturing on 31 October 2023 (ASF Loan Facility); and		
	(ii) <u>Liu Loan</u> - an unsecured loan facility of \$17 million from Wanyan Liu, a substantial shareholder of the Company. Interest accruing at the rate of 12% per annum, maturing on 31 October 2023 (Liu Loan Facility).		
	As at the quarter ended 31 March 2023, the Company had remaining available facilities of \$2.72 million under Liu Loan Facility and \$2 million under ASF Loan Facility.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(602)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(182)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(784)
8.4	Cash and cash equivalents at quarter end (item 4.6)	115
8.5	Unused finance facilities available at quarter end (item 7.5)	4,720
8.6	Total available funding (item 8.4 + item 8.5)	4,835
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	6.17
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	N/A

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8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

26 April 2023

Date:

By the Board of Rey Resources Limited

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

March 2023

Quarterly Report

HIGHLIGHTS

Projects

- EP104 approval received
- EP487 3D seismic design and adjustment underway

Corporate

- Appointment of Mr William Kuan as Director

Authorised by:
Board of Rey Resources Limited

Registered Office: Suite 2, 3B Macquarie Street, Sydney NSW 2000

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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).

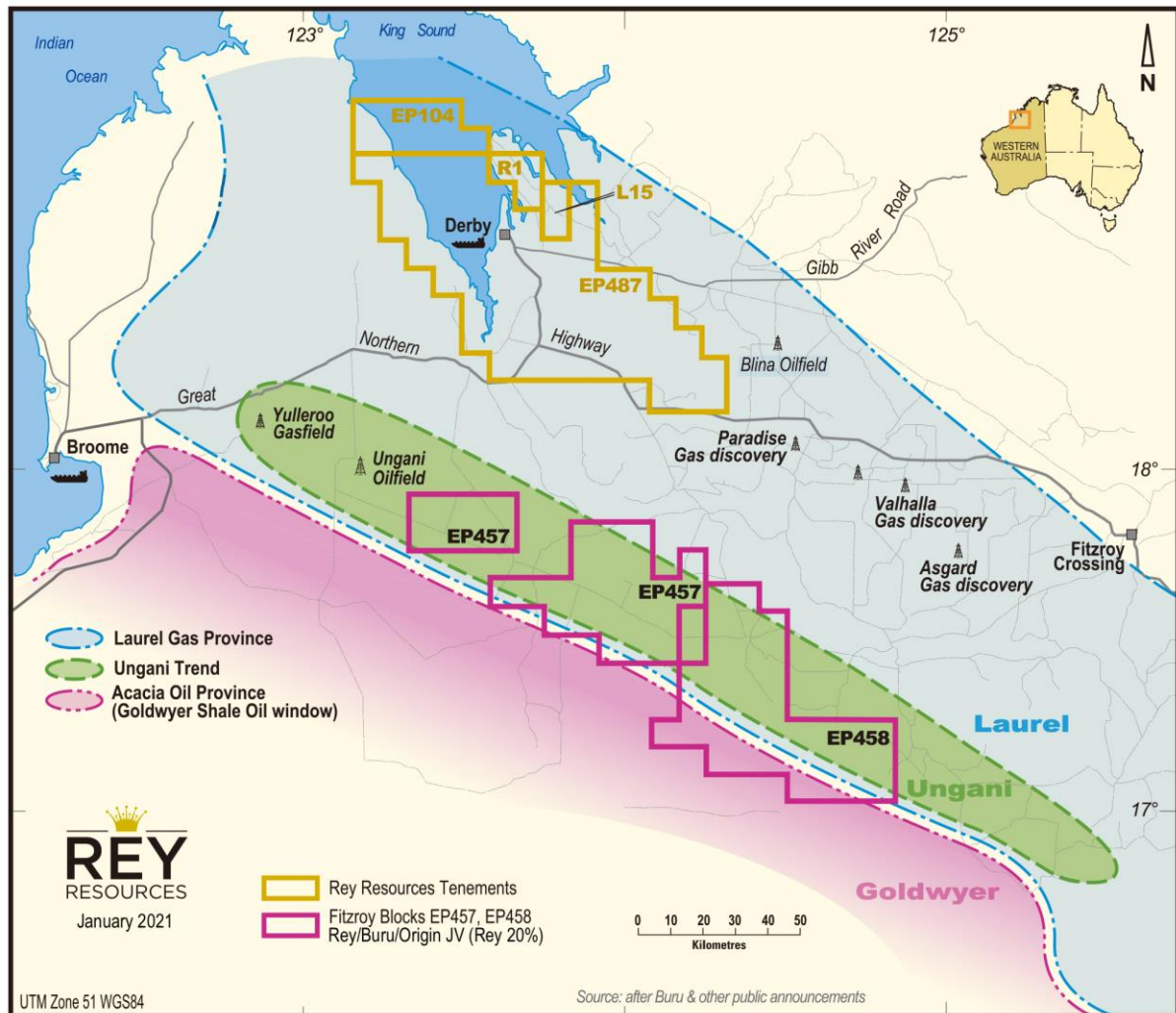


Figure 1: The three major prospective trends relative to Fitzroy Blocks EP457 and EP458 and Derby Block EP487.

On 13 February 2023, Rey announced that Origin has decided to withdraw from the Canning Basin and the 40% interests in each of the tenements previously assigned to Origin under the farm-in agreement will be assigned back to Buru and Rey equally in accordance with the pre-farm-in equities. Buru will remain as operator with a participating interest of 60% in each of the tenements, with Rey holding the remaining 40%.

A technical committee meeting was held between the joint venture parties, the initial new 2D seismic interpretation has been presented to Rey. An integrity work program for the commitment well drilling before June 2025 has been proposed and is under review by Rey.

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 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.

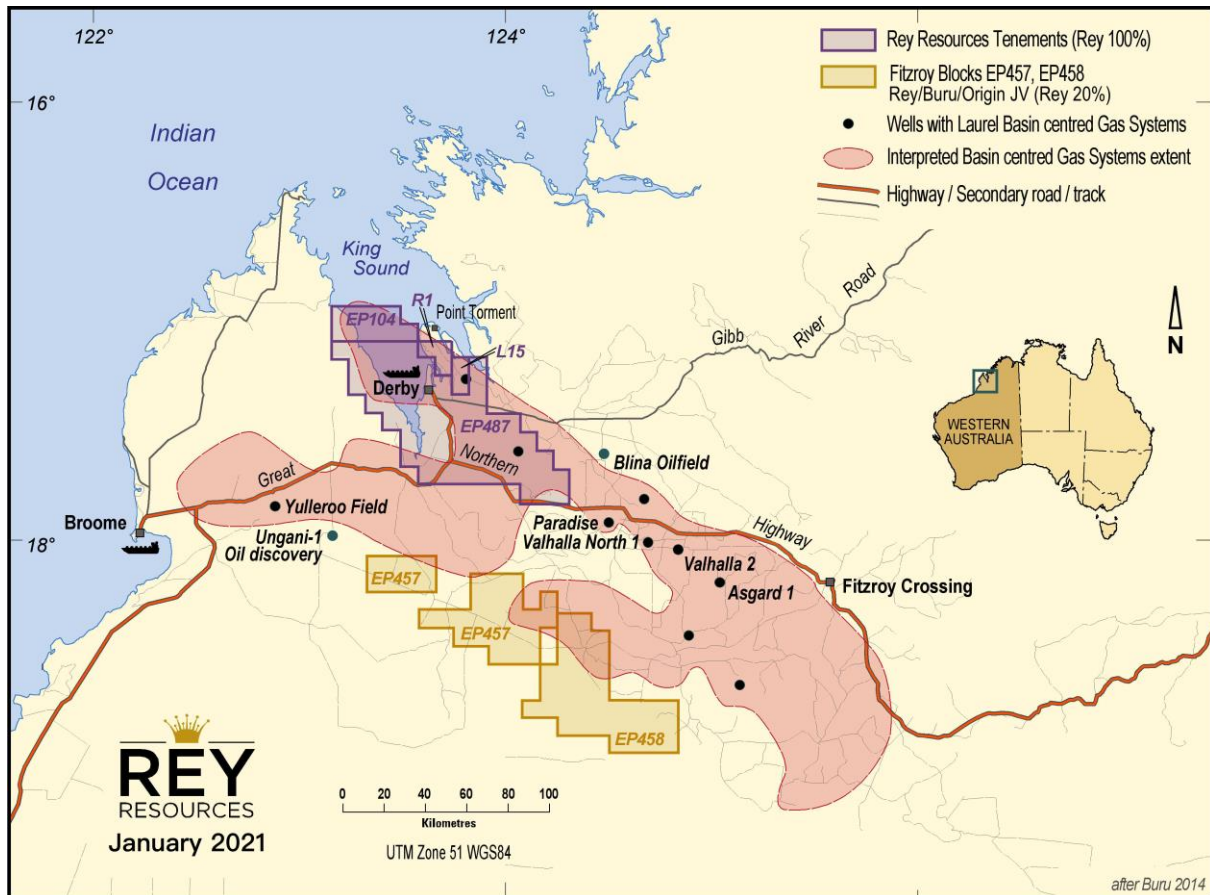


Figure 2: Interpreted extent of the Laurel Basin gas system in relation to Rey's petroleum interests (after Buru and others).

Based on the assessment of the permit carried out by Rey, a 500km² 3D seismic has been proposed. The initial seismic design has been drafted and under adjustment with environmental and technical contractors. The stakeholder contacting will be commenced shortly once the seismic line is firmed. Rey plans to complete all new seismic preparation work before end of 2023.

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 3) petroleum exploration licence, EP487 covering a total area of approximately 1,145 km² and are considered prospective for conventional oil and tight gas.

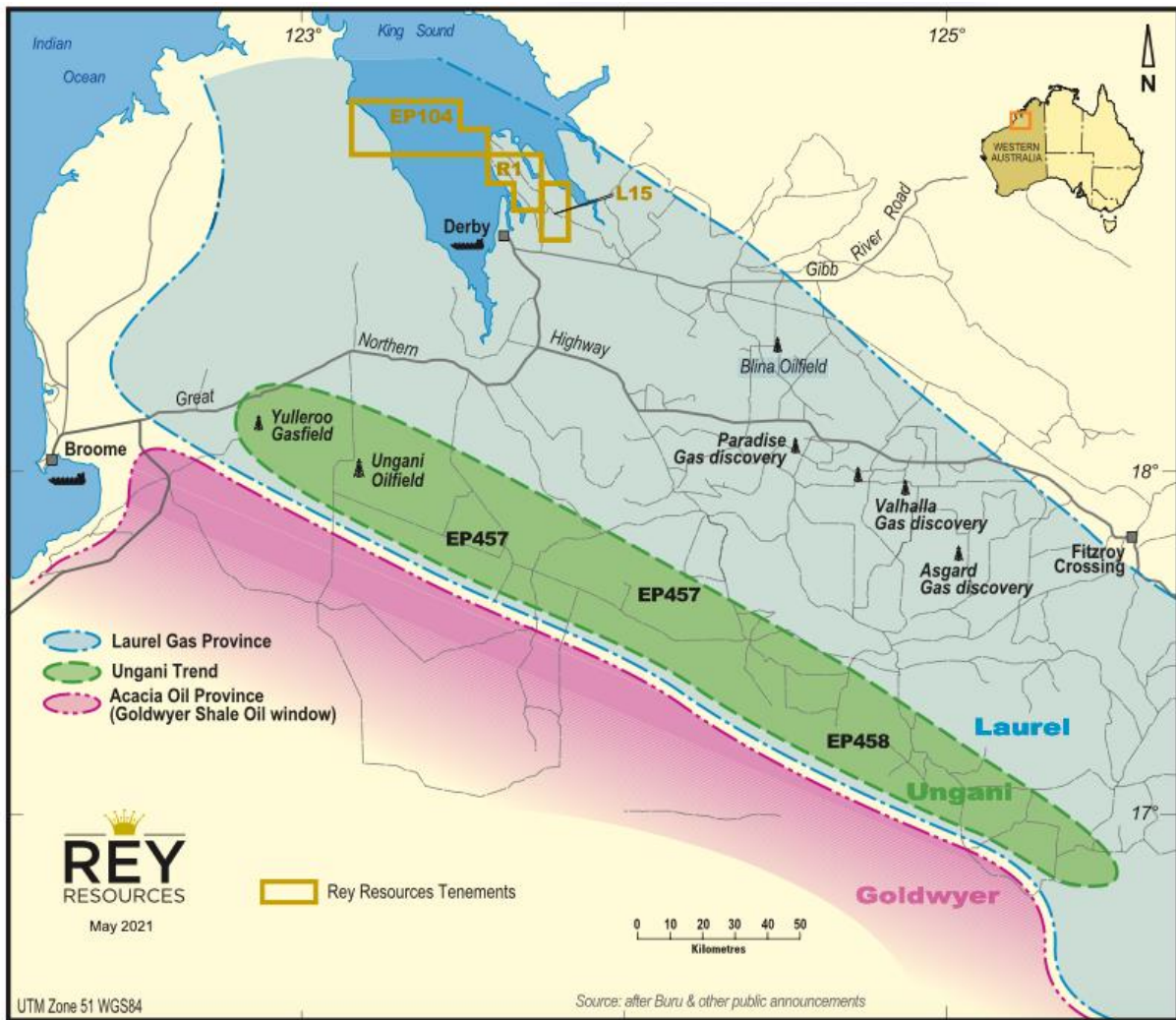


Figure 3: Location of Lennard Shelf Blocks

Rey has contacted the contractor for the committed study work for current permit year and initial work scope has been received. Rey is aiming to complete the work in the following quarter.

During the report period, Rey received indicative approval for the renewal of EP104. About 50% of the permit blocks have been dropped in accordance with the renewal rules. Once the renewal is formally approved, Rey will start the proposed commitment for exploration of the great oil resources potential.

1.4 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.

As requested by the Native Title, Rey has agreed to attend the face to face meeting proposed in April/May 2023. Rey believes the meeting will provide opportunity for the Native Title holders to better understand the project and to ask questions. It may also help on the progress of the heritage protection agreement negotiation.

2. Corporate

On 6 March 2023, the Company announced the appointment of Mr William Kuan as Director of the Company.

During the quarter, the Company bought back 23,862 shares under the on-market buyback program at an average price of \$0.0938 per share.

As at the quarter ended 31 March 2023, the Company maintained a cash balance of \$115,000 and available loan facilities from Ms Wanyan Liu and ASF Group Limited of \$2.72 million and \$2 million respectively.

As required pursuant to section 6 of the Company's Appendix 5B, the Company paid approximately \$52,000 to related parties during the quarter, of which \$13,500 were consulting fees and \$38,676 were Director fees.

Corporate Directory

Board of Directors

Min Yang	Non-Executive Chairman
Wei Jin	Managing Director
Yan Zhao	Executive Director
Geoff Baker	Non-Executive Director
William Kuan	Executive Director

Company Secretary

William Kuan

Capital Structure

Rey Resources is listed on the Australian Securities Exchange (ASX: REY) and had 211,903,677 ordinary shares on issue as at 31 March 2023.

Share Registry

Boardroom Pty Limited

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Tenement Tenure Status (as at 31 March 2023)

Tenure ID ¹	Tenure Type	Holder (wholly owned Rey subsidiary company)	Ownership% beginning quarter	Ownership% end quarter
Mineral Licences				
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
Petroleum Permits				
EP457	Exploration Permit	Rey Oil and Gas Pty Ltd	20	40
EP458	Exploration Permit	Rey Oil and Gas Pty Ltd	20	40
EP487 ²	Exploration Permit	Rey Lennard Shelf Pty Ltd ("RLS")	50	50
EP487 ²	Exploration Permit	Rey Derby Block Pty Ltd ("RDB")	50	50
L15	Production Licence	Gulliver Productions	100	100
R1	Retention Licence	Gulliver Productions	100	100
EP104	Exploration Permit	Gulliver Productions	100	100

¹ All tenements are located in Western Australia.

² 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.