REY RESOURCES LIMITED

A.B.N. 84 108 003 890

CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

CORPORATE DIRECTORY

Directors
Ms Min Yang - Non-Executive Chairman
Mr Wei Jin - Managing Director
Mr Yan Zhao- Executive Director
Mr Geoff Baker - Non-Executive Director
Mr Qianrui (Stanley) Fu – Non-Executive Director

Company Secretary
Mr William Kuan

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Securities Exchange
Australian Securities Exchange (ASX)
ASX Code: REY

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DIRECTORS' REPORT

The Directors of Rey Resources Limited ("Rey" or "the Company") and its subsidiaries ("the Group") present their report together with the consolidated interim financial statements for the half-year ended 31 December 2023 and the auditor's review report thereon.

Directors

The Directors of the Company at any time during or since the end of the half-year are:

Name
Ms Min Yang – Non-Executive Chairman
Mr Wei Jin – Managing Director
Mr Yan Zhao – Executive Director
Mr Geoff Baker – Non-Executive Director
Mr Qianrui (Stanley) Fu – Non-Executive Director

Company Secretary

Mr William Kuan

Principal Activities

The principal activities of Rey are exploring for and developing energy resources in Western Australia's Canning Basin. The Company currently holds a 40% interest in the Canning Basin petroleum permits EP457 and EP458 (known as the "Fitzroy Blocks"), a 100% interest in EP487 (known as the "Derby Block") and a 100% interest in L15, R1 and EP104 in Canning Basin (known as the "Lennard Shelf Blocks"). It also holds 2 exploration licences (E04/1519, E04/1770) and mining licence applications (M04/453) for Duchess Paradise Coal Project in the Canning Basin. The Company has also invested in a Surat gas project in Queensland.

Review and results of operations

Financial Results

Net loss of the Group after income tax amounted to $1,249,000 for the half-year ended 31 December 2023, an increase of approximately 14% compared with the loss of $1,093,000 for the corresponding period last year.

Finance costs amounted to $1,021,000 (2022: $823,000) which was principally interest accrued for the loans granted by ASF Group Limited ("ASF") and Wanyan Liu ("Liu"), shareholders of the Company. As at 31 December 2023, the Company has available loan facilities from ASF and Liu of $2 million and $2.45 million respectively.

Corporate

On 17 August 2023, the Company announced the extension of its on-market buyback program for a further 12 months from 1 September 2023. No shares were bought back by the Company during the reporting period.

DIRECTORS' REPORT

Operating Review

1. Oil and Gas

1.1 Fitzroy Blocks (EP457 & EP458)

Equity interests in the Fitzroy Blocks (EP457 and EP458) are:

Rey (Rey Oil & Gas Pty Ltd)	40%	(including 6.664% free carried to production)
Buru	60%	(Operator)

The Fitzroy Blocks are located in the Canning Basin in the northwest of Western Australia (refer Figure 1 below).

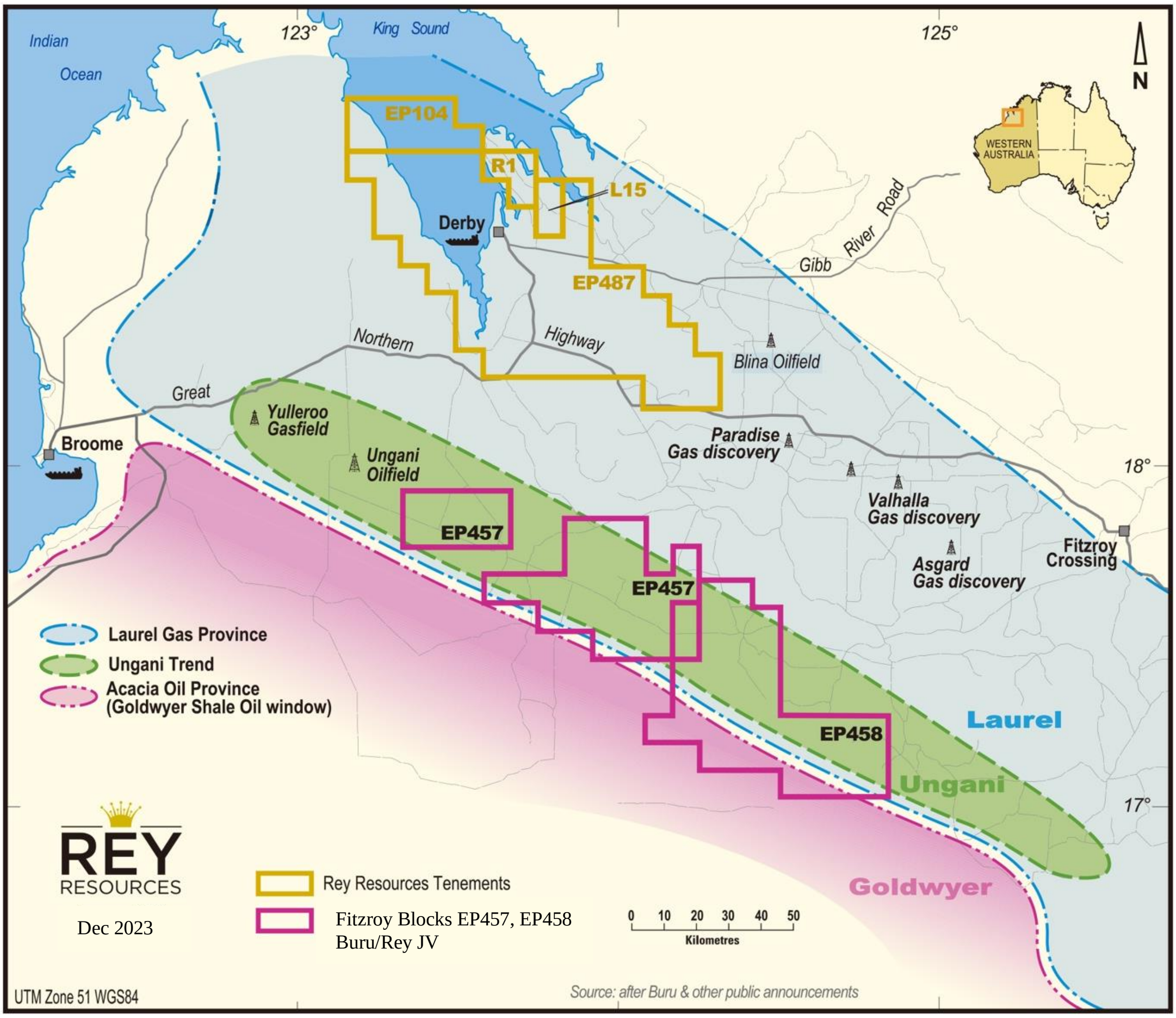

Figure 1: The three major prospective trends relative to Fitzroy Blocks EP457 and EP458 and Derby Block EP487.

Following discussions between the JV parties in December 2023, Buru elected to withdraw from EP458 and agreed to assign all its interests of EP458 to Rey. The registration of EP458 interests is currently in progress following the submission of all requisite applications to the department by Buru. Upon approval by the Minister, Rey will be the sole owner and operator of EP458.

Rey and Buru will maintain the JV relationship in EP457 with the same participant interests of each party.

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 (BCG) play 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.

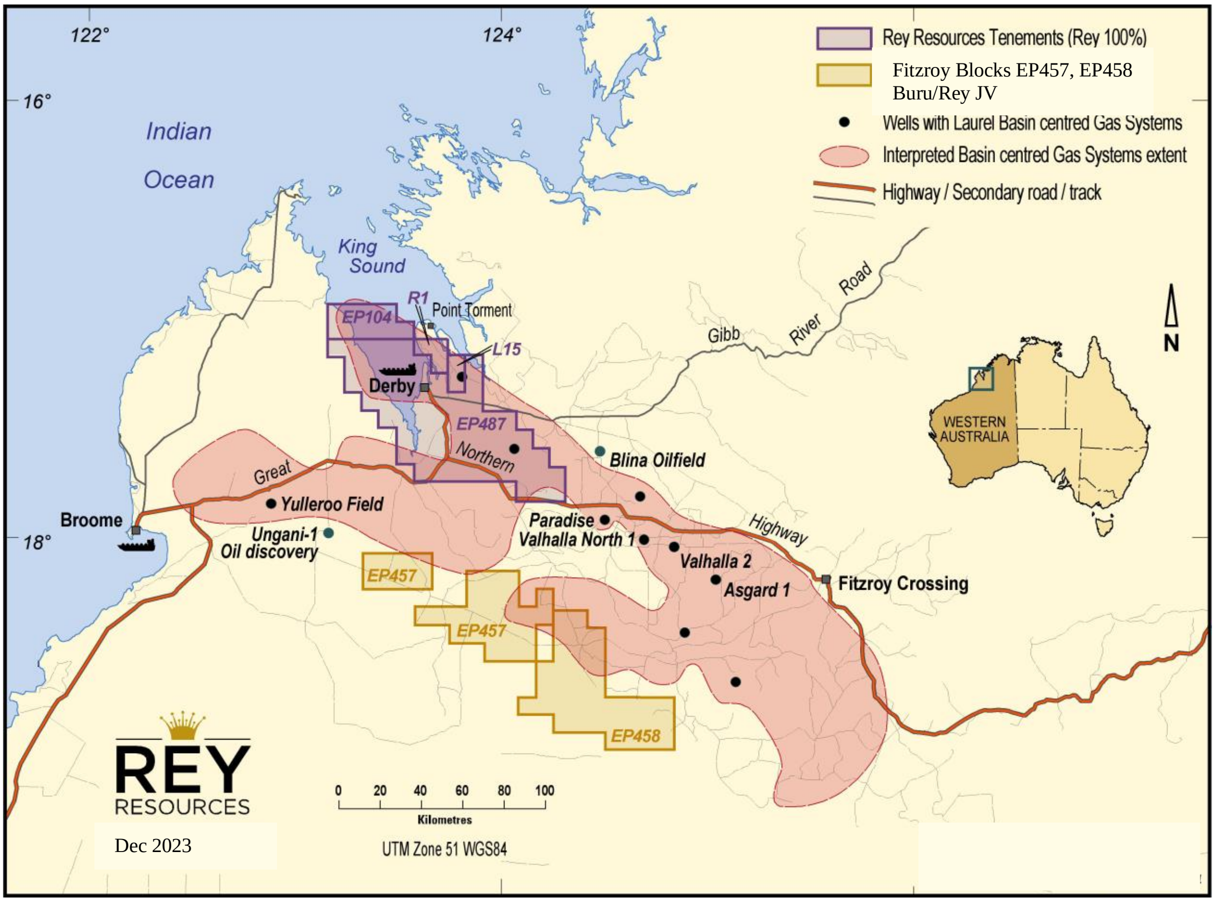

Figure 2: Interpreted extent of the Laurel Basin gas system in relation to Rey's petroleum interests (after Buru and others).

Throughout the report period, Rey diligently continued the commitment to conducting the 3D seismic survey across both Butler prospect and East Yeeda area.

The draft environmental plan, prepared by consultant, is currently under review by Rey. Rey anticipates the environmental plan will encompass both the 3D seismic survey area and a well location, which have the potential to reduce the future workloads.

Stakeholder engagement is another priority work that Rey is conducting. Heritage survey across Warrwa people's land has been completed. Rey will persist in collaborating with Walalakoo Aboriginal Corporate to conduct the heritage survey across their land, while currently engaging in discussions with landowners to secure land access.

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, with EP487 covering a total area of approximately 1,145 km^2 and considered prospective for conventional oil and tight gas.

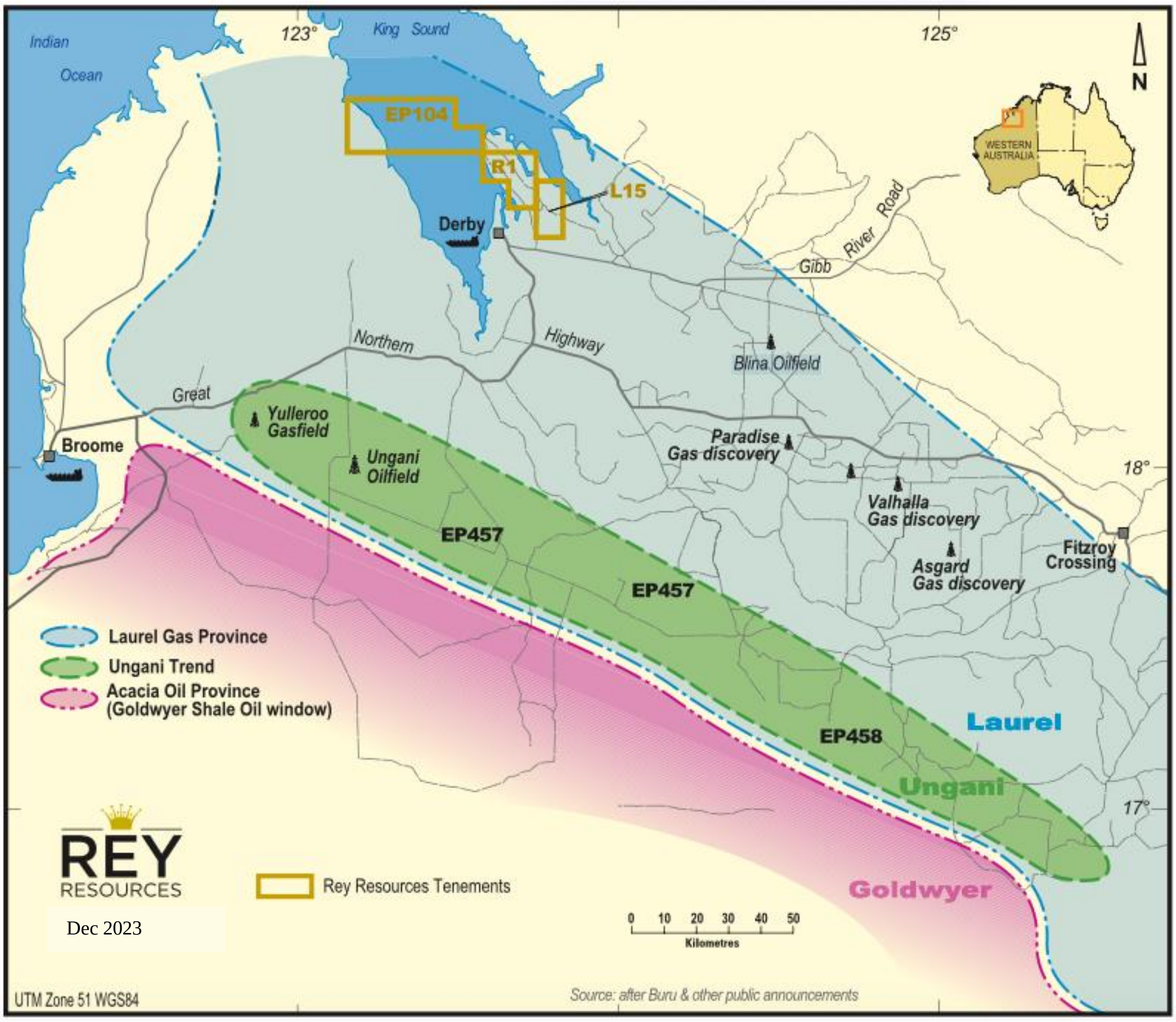

Figure 3: Location of Lennard Shelf Blocks.

According to the well integrity schedule, inspection of all 3 wells in L15 and R1 was conducted in August and Rey received the inspection report in October. The wells are in well maintenance and no major issue was identified.

As commitment, Rey also completed the studies of Point Torment-1 sidetrack drilling engineering design, P&A plan and new well drilling design. Rey also completed a study to identify the water source in West Kora-1 as well as options for workover. Drilling contractors is also under discussion for both the major site work for Point Torment-1 and West Kora-1.

2. Coal

Duchess Paradise Project

Rey's thermal coal tenements are located in the Fitzroy Trough of the Canning Basin, north of Western Australia. The Canning Basin is well situated to feed the strong Asian demand for Australian export thermal coal for power generation.

Rey actively engaged in communication with Native Title holders and has committed to participate the proposed face-to-face meeting for discussion. In October, Rey attended the Walalakoo Aboriginal Corporate Board meeting to present the project and address inquiries. After this meeting, no further responses have been received. Rey remains committed to maintain open lines of communication with Native Title holders.

Further information

Further details of operations during the six months ended 31 December 2023 are reported in the Quarterly Activity Reports released to the ASX and available on the Company's website.

Rounding of Amounts

The Company is of the kind referred to in Australian Securities and Investments Commission (ASIC) Class Order 2016/191. In accordance with that Class Order, amounts contained in this report and in the Financial Report have been rounded off to the nearest one thousand dollars or, where the amount is $500 or less, zero, unless specifically stated to be otherwise.

Subsequent Events

No other matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Lead Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 and forms part of the Directors' report for the half-year ended 31 December 2023.

This report has been made in accordance with a resolution of Directors.

Ms Min Yang
Chairman

8 March 2024
Sydney, NSW, Australia

Accountants & Advisors

Take the lead

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF REY RESOURCES LIMITED

As lead auditor, I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

SW Audit
Chartered Accountants

Yang (Bessie) Zhang
Partner

Sydney, 8 March 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

In thousands of dollars

	NOTES	31 Dec 2023	31 Dec 2022
Administrative expenses		**(176)**	(212)
Employee benefit expense	4	**(52)**	(58)
Loss from operating activities		**(228)**	(270)
Finance cost		**(1,021)**	(823)
Loss before income tax expense		**(1,249)**	(1,093)
Income tax		**-**	-
Loss for the period		**(1,249)**	(1,093)
Other comprehensive income			-
Total comprehensive loss for the period, attributable to owners of the company		**(1,249)**	(1,093)
Basic and diluted loss per share (cents)	5	**(0.59)**	(0.52)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

In thousands of dollars

	NOTES	31 Dec 2023	30 June 2023
ASSETS			
Current Assets			
Cash and cash equivalents		**532**	240
Trade and other receivables	6	**4**	4
Prepayments		**1**	3
Total Current Assets		**537**	247
Non-Current Assets			
Property, plant and equipment	7	**2**	2
Financial assets	8	**767**	767
Exploration and evaluation expenditure	9	**39,574**	39,161
Total Non-Current Assets		**40,343**	39,930
Total Assets		**40,880**	40,177
LIABILITIES			
Current Liabilities			
Trade and other payables	10	**167**	92
Employee benefits	11	**9**	6
Loans and borrowings	12	**18,406**	441
Total Current Liabilities		**18,582**	539
Non-current Liabilities			
Loans and borrowings	12	**-**	15,923
Provision		**3,397**	3,565
Total non-current liabilities		**3,397**	19,488
Total Liabilities		**21,979**	20,027
Net Assets		**18,901**	20,150
EQUITY			
Share capital	13	**86,506**	86,506
Accumulated losses		**(67,605)**	(66,356)
Total equity		**18,901**	20,150

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

In thousands of dollars	**Share capital**	**Accumulated losses**	**Total**
Balance at 1 July 2022	86,537	(64,124)	22,413
Total comprehensive income:			
Loss for the period	-	(1,093)	(1,093)
Total comprehensive income for the period	-	(1,093)	(1,093)
Transactions with owners recorded directly in equity:			
Contributions by and distributions to owners			
Share Buyback	-	-	-
Balance at 31 Dec 2022	86,537	(65,217)	21,320
Balance at 1 July 2023	**86,506**	**(66,356)**	**20,150**
Total comprehensive income:			
Loss for the period	**-**	**(1,249)**	**(1,249)**
Total comprehensive income for the period	**-**	**(1,249)**	**(1,249)**
Transactions with owners recorded directly in equity:			
Contributions by and distributions to owners			
Share Buyback	**-**	**-**	**-**
Balance at 31 Dec 2023	**86,506**	**(67,605)**	**18,901**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

In thousands of dollars	**31 Dec 2023**	**31 Dec 2022**
Cash flows from operating activities		
Payments to suppliers and employees	**(199)**	(317)
BAS (payments)/refund	**-**	6
Net cash used in operating activities	**(199)**	(311)
Cash flows from investing activities		
Payments for exploration expenditure	**(580)**	(378)
Net cash used in investing activities	**(580)**	(378)
Cash flows from financing activities		
Finance Costs	**(1,359)**	(702)
Proceeds from loans and borrowings	**2,430**	1,320
Net cash generated from financing activities	**1,071**	618
Net increase/(decrease) in cash and cash equivalents	**292**	(71)
Cash and cash equivalents at 1 July	**240**	172
Cash and cash equivalents at 31 December	**532**	101

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

1. REPORTING ENTITY

Rey Resources Ltd (the "Company") is a company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the half-year ended 31 December 2023 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2023 is available upon request from the Company's registered office or at www.reyresources.com.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with *AASB 134 Interim Financial Reports* and the *Corporations Act 2001*. They do not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2023. The consolidated interim financial statements were approved by the Board of Directors on 8 March 2024.

(b) Going concern basis

The consolidated interim financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half-year ended 31 December 2023 the Group incurred a loss after tax of $1,249,000 and incurred operating and investing cash outflows of $779,000. As at 31 December 2023, the Group's current liabilities exceeded current assets by $18,045,000. The Group also had exploration expenditure commitments of $4,136,000 for the twelve months from 31 December 2023.

The Directors have considered the following, in their assessment of the future funding of the Group:

- The Group had cash of $532,000 as at 31 December 2023.
- The Company has a $2 million loan facility from ASF Group Limited, which is available for draw down until 31 October 2024.
- The Company has a $2.45 million remaining loan facility from Ms Wanyan Liu, which is available for draw down until 31 October 2024.
- The Group has prepared a cashflow forecast for the period to 31 March 2025. The cashflow forecast reflects:
  - The need to raise additional funding during the forecast period;
  - The need to renegotiate to extend the repayment of the loans from ASF Group Limited and Ms Wanyan Liu beyond their respective maturity dates;
  - Obtained the written confirmation from both ASF Group Limited and Ms Wanyan Liu that:
    - i) they will not call the loans owing from the Group within 12 months from the date of these consolidated interim financial statements;
    - ii) they have the intention to extend the loan facilities listed above for at least 12 months from the date of this financial statements; and
  - The need to defer or farm out the Group's share of certain petroleum interests to meet committed and forecast expenditures.

2. BASIS OF PREPARATION (continued)

(b) Going concern basis (continued)

Rey is pursuing funding alternatives in the form of debt and equity, including discussions with existing shareholders, and with third parties for farming out certain petroleum interests.

The Directors believe that sufficient funding will be sourced, the repayment of loans extended, the loans will not be recalled and farm out parties will be sourced in the timeframes required and that the adoption of the going concern basis of preparation is therefore appropriate. The requirement to raise the necessary funding to meet its commitments and secure farm out parties, or defer expenditure, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and to be able to pay its debts as and when they fall due, and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated interim financial statements.

(c) Basis of measurement

The consolidated interim financial statements are prepared on the historical cost basis.

(d) Functional and presentation currency

The consolidated interim financial statements are presented in Australian Dollars which is the Company's and the Group's functional currency.

(e) Rounding

The Company is of a kind referred to in ASIC Class Order 2016/191 dated 24 March 2016 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

The ASIC class order CO 2016/191 permits the rounding of amounts in the consolidated interim financial statements and Directors' reports prepared under Chapter 2M of the *Corporations Act 2001*. There are restrictions on the extent to which certain information can be rounded, such as remuneration of Directors, executive officers and auditors.

(f) Use of estimates and judgements

The preparation of the consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Valuation of financial assets

The financial assets are measured at fair value in accordance with AASB 9 *Financial Instruments*. In determining the fair value, key assumptions would need to be included from a market participant's perspective in accordance with AASB 13. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on the information from both external and internal sources. The Group has measured the value based on the recent transaction price. Should these significant assumptions and estimation uncertainties change subsequent to the reporting date, it may result in a material adjustment to the carrying amounts of assets in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2023.

New standards and interpretations

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (”AASB”) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

4. EMPLOYEE BENEFIT EXPENSE

In thousands of dollars	**31 Dec 2023**	**31 Dec 2022**
Salaries and fees	**44**	51
Superannuation	**8**	7
	52	58

5. LOSS PER SHARE

	31 Dec 2023	**31 Dec 2022**
Basic loss per share (cents)	**(0.59)**	(0.52)
Diluted loss per share (cents)	**(0.59)**	(0.52)

The calculation of basic loss per share was based on the loss attributable to shareholders of $1,249,000 (2022: loss $1,093,000) and a weighted average number of ordinary shares outstanding during the half year of 211,717,539 (2022: 211,927,539).

The diluted loss per share for the half-year ended 31 December 2023 and 2022 were the same as the basic loss per share.

6. TRADE AND OTHER RECEIVABLES

In thousands of dollars	**31 Dec 2023**	**30 June 2023**
Included in receivables are as follows:		
Current		
Other receivables	**4**	4
	4	4

7. PROPERTY, PLANT & EQUIPMENT

In thousands of dollars	**31 Dec 2023**	**30 June 2023**
Plant and equipment		
At cost	**181**	181
Accumulated depreciation	**(179)**	(179)
	2	2

8. FINANCIAL ASSETS

In thousands of dollars	31 Dec 2023	30 June 2023
Measured at FVTPL		
Investment in PZE Limited [1]	**767**	767
	767	767

1. Pursuant to a term sheet signed on 18 December 2020 between the Company, Southernpec (Australia) Pty Ltd ("SouthnA") which holds significant interests in 7 conventional gas production licences in Surat Gas Project located at Surat Basin in Queensland and Southernpec Holdings Pty Ltd, the Company would acquire up to 75% equity interest in SouthnA in three stages of which 10% for $400,000 under the first stage was paid in December 2020. The parties further entered into a Supplementary Terms Sheet in May 2021 for the modification of second stage investment and the subscription of additional 10% equity interest in SouthnA by the Company for $300,000, which was paid in May 2021.

In June 2022 Rey executed a share buy-back deed with SouthnA pursuant to which SouthnA bought back all the fully paid ordinary shares in SouthnA held by the Company (including the conversion of $67,000 loan granted by the Company into additional shares in SouthnA) for 7.5 million fully paid ordinary shares representing approximately 5.8% in the issued capital of PZE Limited ("PZE") as of 30 June 2023. PZE is a public company incorporated in Australia. PZE acquired the Surat Gas Project from SouthnA by the issue of 35.5 million fully paid ordinary shares in PZE at an issue price of $0.10 per share to SouthnA.

As the Group does not have board representation and hold less than 20% of the voting power at PZE, the Group concluded that it had no significant influence in PZE and it is not an associate company of the Group. As a result, the investment is accounted for as financial assets measured at fair value.

9. EXPLORATION AND EVALUATION EXPENDITURE

In thousands of dollars	31 Dec 2023	30 June 2023
Costs carried forward in respect of:		
Duchess Paradise (i)	**21,805**	21,773
EP457 and EP458 (ii)	**5,213**	5,012
EP104 (iii)	**3,054**	3,047
R1 (iii)	**1,593**	1,561
L15 (iii)	**3,797**	3,717
EP487 (iv)	**4,112**	4,051
Costs carried forward	**39,574**	39,161

(i) Exploration and evaluation expenditure recognised in Duchess Paradise (coal project) is held solely by the Group.

(ii) Exploration and evaluation expenditure recognised on EP457 and EP458 tenements (Petroleum project) under joint venture agreement with Buru Energy Limited. This amount includes the Group's proportionate share of exploration assets held by the respective joint venture entities. On 21 December 2020, a binding letter of agreement had been executed between Rey, Buru and Origin pursuant to which both Buru and Rey will farm-out 20% of their respective participating interest in each of EP457 and EP458 to Origin. On 15 April 2021, a formal farm-in agreement was executed between the parties and 40% interests in each of the tenements were accordingly transferred to Origin. 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-farmin equities. During the period, Buru advised that they decided to withdraw from EP458 and agreed to assign its 60% interest in the permit to Rey. Assignment agreement has been executed and an application for the transfer of the permit interest has been lodged with the department. Once the transfer is completed Rey will hold 100% interest in EP458.

(iii) Acquisition costs and the exploration and evaluation expenditure recognised on EP104, R1 and L15 (Petroleum projects) which are held solely by the Group. EP104 has been successfully renewed for another 5 years. The expiry date of the new 5 years term is 4 April 2028.

(iv) Exploration and evaluation expenditure recognised on EP487 (Petroleum project) which is held solely by the Group.

In thousands of dollars	31 Dec 2023	30 June 2023
At cost	**39,574**	39,161
	39,574	39,161
Movements in carrying amount:		
Opening balance	**39,161**	38,353
Expenditure capitalised	**580**	778
Adjustment of restoration provision for L15, R1	**(167)**	30
	39,574	39,161

9. EXPLORATION AND EVALUATION EXPENDITURE (continued)

For further information on exploration expenditure refer to note 15 on commitments. The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or evaluation stage is dependent on successful development and commercial exploitation, or alternatively sale of the respective areas, or the securing and maintaining of rights to tenure.

10. TRADE AND OTHER PAYABLES

In thousands of dollars	**31 Dec 2023**	**30 June 2023**
Unsecured liabilities		
Sundry payables and accrued expenses	**167**	92
	167	92

11. EMPLOYEE BENEFITS

In thousands of dollars	**31 Dec 2023**	**30 June 2023**
Current:		
Employee benefits	**9**	6
	9	6

12. LOANS AND BORROWINGS

In thousands of dollars	**31 Dec 2023**	**30 June 2023**
Current:		
Wanyan Liu [1]	**17,554**	441
ASF Group Ltd [2]	**852**	-
	18,406	441
Non-current:		
Wanyan Liu [1]	**-**	15,120
ASF Group Ltd [2]	**-**	803
	-	15,923

1. An unsecured loan of $500,000 was granted by Wanyan Liu ("Liu"), a substantial shareholder of the Company, with maturity date on 31 March 2021 and interest bearing 12% per annum ("First Liu Loan"). On 18 April 2019, the Company entered into another loan agreement with Liu for the granting of $3 million additional loan ("Second Liu Loan"), with maturity date on 31 December 2020 and interest bearing at 12% per annum payable quarterly by cash. On 17 July 2019, the Company entered into a new loan agreement with Liu pursuant to which Liu agreed to grant a further loan facility of $3 million ("Third Liu Loan") to the Company maturing 31 December 2021 and interest bearing 12% per annum. On 25 June 2020, the Company announced that Liu agreed to increase the Second Liu Loan from $3 million to $5 million and extend the maturity date from 31 December 2020 to 31 October 2021. On 30 April 2021, the Company announced that Liu agreed to consolidate the aforesaid three loan facilities and to increase the loan facility amount by $4 million to a total of $12.5 million and extend the maturity date to 31 October 2022. On 22 June 2022, the Company announced that Liu agreed to increase the loan facility amount by $4.5 million to a total of $17 million and to extend the maturity date to 31 October 2023. On 30 May 2023, the Company announced that Liu agreed to increase the loan facility amount by $3 million to a total of $20 million and to extend the maturity date to 31 October 2024. As at 31 December 2023, a total of $17.55 million had been drawn down and $2.45 million loan facility remains available for draw down by the Company.

2. An unsecured loan of $3.8 million was granted by ASF Group Ltd ("ASF"), a substantial shareholder of the Company, with maturity date on 31 December 2019 and interest bearing at 12% per annum. On 31 December 2019, the Company announced that it has agreed with ASF to reduce the facility amount from $3.8 million to $2 million and to extend the maturity date of the loan facility from 31 December 2019 to 31 March 2020. The maturity date was subsequently further extended to 31 October 2024. As at 31 December 2023, $852,000 representing accrued interests remain outstanding and the total $2 million loan facility remains available for draw down.

13. ISSUED CAPITAL

	6 months to 31 Dec 2023		12 months to 30 June 2023	
	$'000	Number	$'000	Number
Ordinary Shares				
At the beginning of the reporting date	**86,506**	**211,717,539**	86,537	211,927,539
Share buy back [1]	**-**	**-**	(31)	(210,000)
On issue at the end of the period	**86,506**	**211,717,539**	86,506	211,717,539

1. On 17 August 2023, the Company announced the extension of its on-market buyback program for a further 12 months from 1 September 2023. No shares were bought back by the Company during the reporting period.

14. CONTINGENCIES

Parent Entity Guarantee in respect of the debt of subsidiaries
The Company provides loan or debt guarantee to its wholly owned subsidiary companies. As of 31 December 2023 and 30 June 2023, no subsidiaries hold any debt or loan balances with third parties.

15. COMMITMENTS

At 31 December 2023, the total commitments for both mineral exploration tenements and the Group's share in petroleum exploration permits in which it has joint venture interests for the following five years are $54,515,000 (30 June 2023: $44,427,000). These obligations may be varied from time to time, subject to approval by the DMP.

In thousands of dollars	**Mineral**	**Petroleum**	**Total**
Year 1	104	4,032	4,136
Year 2-5	157	50,222	50,379
Total	**261**	**54,254**	**54,515**

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value measurement principles adopted in this report are consistent with those applied in the Group's Annual Financial Statements for the year ended 30 June 2023.

The Group's financial instruments consist mainly cash and cash equivalents, trade and other receivables, investment, trade and other payables, and loan and borrowings.

in thousands of dollars	**31 Dec 2023**	**30 June 2023**
Financial assets measured at amortised cost		
- Cash and cash equivalents	**532**	240
- Trade and other receivables	**4**	4
Financial assets measured at FVTPL		
- Investment in PZE Ltd	**767**	767
Total financial assets	**1,303**	1,011
Financial liabilities measured at amortised cost		
Trade and other payables	**167**	92
Total financial liabilities	**167**	92

Financial assets measured at FVTPL
The Group accounts for its investment in PZE Limited as financial assets measured at FVTPL. The reporting date, fair value of the investment approximates to the cost as it is a recent transaction completed within 12 month with a unrelated party.

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The investment is categorised into Level 3 fair value hierarchy as defined in AASB 13 *Fair Value Measurement*. Techniques which use inputs that have significant effect on the recorded fair value that are not based on observable market date.

in thousands of dollars	**Level 1**	**Level 2**	**Level 3**	**Total**
31 Dec 2023				
- Investment in PZE Ltd	-	-	767	767

For the half-year ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 or transfer into or out of Level 3.

17. OPERATING SEGMENTS

The Group operates in two segments, mineral exploration and development and petroleum exploration in one geographical location, Western Australia. The consolidated financial results from these segments are equivalent to the financial statements of the Group.

Operating segment information

Consolidated	**Mineral 6 months ended 31 Dec 2023 $'000**	Mineral 6 months ended 31 Dec 2022 $'000	**Petroleum 6 months ended 31 Dec 2023 $'000**	Petroleum 6 months ended 31 Dec 2022 $'000	**Corporate 6 months ended 31 Dec 2023 $'000**	Corporate 6 months ended 31 Dec 2022 $'000	**Total 6 months ended 31 Dec 2023 $'000**	Total 6 months ended 31 Dec 2022 $'000
Revenue								
Total Reportable segment revenue	**-**	-	**-**	-	**-**	-	**-**	-
Other income	**-**	-	**-**	-		-		-
Finance costs	**-**	-	**-**	-	**(1,021)**	(823)	**(1,021)**	(823)
Administration cost	**-**	-	**-**	-	**(228)**	(270)	**(228)**	(270)
Profit/(loss) before income tax benefit	**-**	-	**-**	-	**(1,249)**	(1,093)	**(1,249)**	(1,093)
income tax benefit	**-**	-	**-**	-	**-**	-	**-**	-
Loss after income tax benefit	**-**	-	**-**	-	**(1,249)**	(1,093)	**(1,249)**	(1,093)
Capital Expenditure	**-**	-	**-**	-	**-**	-	**-**	-
Assets								
Other Assets	**-**	-	**-**	767	**1,306**	107	**1,306**	874
Segment assets	**21,805**	21,712	**17,769**	17,131	**-**	-	**39,574**	38,843
Total assets	**21,805**	21,712	**17,769**	17,898	**1,306**	107	**40,880**	39,717
Liability								
Other liabilities	**-**	-	**-**	-	**18,582**	14,750	**18,582**	14,750
Segment liabilities	**-**	-	**3,397**	3,647	**-**	-	**3,397**	3,647
Total Liabilities	**-**	-	**3,397**	3,647	**18,582**	14,750	**21,979**	18,397

18. SUBSEQUENT EVENTS

No other matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Rey Resources Limited ("the Company"):

1. the consolidated interim financial statements and notes, as set out on pages 7 to 17, are in accordance with the *Corporations Act 2001* including:

   (a) giving a true and fair view of financial position of the Group as at 31 December 2023 and of its performance for the half-year period ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001; and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Ms Min Yang
Chairman

8 March 2024
Sydney, NSW, Australia

SW Accountants & Advisors

Take the lead

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF REY RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Rey Resources Limited (the Company and its subsidiaries (the Group)) which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group do not comply with the *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and

b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the consolidated financial statements which indicates that the Group incurred a net loss of $1,249,000 and had operating and investing cash outflows of $779,000 for the six months ended 31 December 2023. The Group's current liabilities exceeded current assets by $18,045,000 as at 31 December 2023. As stated in Note 2(b), these conditions, along with other matters as stated in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibility of the Directors' for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

SW Audit
Chartered Accountants

Yang (Bessie) Zhang
Partner

Sydney, 8 March 2024