

ASX ANNOUNCEMENT

20 SEPTEMBER 2017

Update to Definitive Feasibility Study of Duchess Paradise Coal Project

The Rey Resources Limited ("Rey") Board has today resolved to review and update the Definitive Feasibility Study ("DFS") previously reported in 2011 for the Duchess Paradise Coal Project ("DP Project") (see ASX announcement on 6 June 2011).

The Company will shortly engage an expert to review and update the financial model and reflect current market conditions for coal. Rey is in discussions with potential experts to determine the required scope and undertake the DFS review.

As the DFS review is expected to take several months, the Company will not be in a position to report the outcome of its annual review of Coal Reserves in its 2017 Annual Report. As Rey expects that the Coal Reserves as previously announced will change as a result of the DFS review it has decided to withdraw that reserve, pending completion of the DFS review and announcement of the results and applicable new Coal Reserves. A material reduction in the Coal Reserves is not anticipated. The Mineral Resources of the DP Project is not impacted by the DFS review work.

Background

The DFS was initially prepared by Marshall Miller & Associates, Inc. ("MM&A") in June 2011. It identified the Coal Reserves of the DP Project, which was initially published on 6 June 2011 for the P1 seam and then updated in October 2014 according to JORC 2012.

Rey commenced an internal review of its Coal Mineral Resources and Ore Reserves in early August 2017 to assess whether there was any new information or data that materially affected the information included in the Mineral Resources and Ore Reserves and whether the technical parameters underlying the estimate continue to apply and have not materially changed. The Board considers that a review of the DFS is warranted given that the initial DFS was undertaken six years ago.

The DFS review and update will focus on updating the economic and financial model and is expected to result in an increased Coal Reserve and valuation in comparison to the 2011 DFS. Other factors that may also require revision include transportation pathways.

The DP Project Mineral Resource first reported to ASX on 28 October 2014 and summarised below (at which time the Resources were updated in accordance with JORC 2012 and found not to have materially changed since reported in accordance with JORC 2004 on 6 April 2011 and 6 June 2011 respectively) are not impacted by the DFS review.

Duchess Paradise Coal Project

The DP Project is a thermal coal project located in the Canning Basin of Western Australia. It has a reported Mineral Resource of 305Mt (JORC 2012 Code) for P1 seam (see ASX Announcement of 28 October 2014 and summary table below). A Mining Licence Application is currently under consideration by Warden's Court.

For further information please contact:

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

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

1. Some values do not sum due to rounding.

Competent Persons Statement

The Mineral Resources information was originally reviewed and consented to 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, consultants to the Company.

Mr. Keim has over 32 years of experience in coal-related work, including but not limited to coal exploration and coal Reserves/Resources 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 Resources and Reserves 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.

The Company confirms that the form and context in which the Mineral Resource 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.