



## **Notice of General Meeting**

**Date:** Thursday, 13 September 2018  
**Time:** 5.00 pm (Sydney time)  
**Place:** 3B Macquarie Street  
SYDNEY NSW 2000

The following documents relate to the General Meeting of Shareholders:

- Notice of Meeting for the General Meeting, including the Explanatory Memorandum; and
- Proxy Form and return envelope.

If you are attending the General Meeting in Sydney and have not lodged a Proxy Form, please bring the Proxy Form with you to assist with registration.

If you are not attending the General Meeting in Sydney, you can lodge a completed Proxy Form by returning it in the enclosed envelope or alternatively by facsimile. Alternatively, you may submit your proxy instructions electronically by visiting <https://www.votingonline.com.au/reymesourcesgm2018>.

Please be aware that the Proxy Form needs to be received by Rey's Share Registrar by no later than 5.00 pm (Sydney time) on Tuesday, 11 September 2018. Further details on lodging your Proxy Form can be found on the reverse side of the Proxy Form.

***This Notice of Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on 08 9322 1587. ASX takes no responsibility for the contents of this Notice of Meeting.***

## NOTICE OF GENERAL MEETING

The General Meeting of Shareholders of Rey Resources Limited (**Rey** or the **Company**) will be held at 3B Macquarie Street, Sydney NSW 2000, on Thursday, 13 September 2018 at 5.00 pm (Sydney time).

Terms used in this Notice and Explanatory Memorandum are defined in the glossary to this document.

The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the General Meeting.

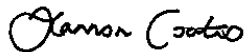
### AGENDA

#### 1. Approval of Proposed Transaction

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That, for the purpose of ASX Listing Rule 11.4 and for all other purposes, Shareholders approve the sale by the Company of its entire interests in Blackfin Pty Ltd (ACN 094 938 708) to Yuanrun Investment Ltd on the terms and conditions set out in the Explanatory Memorandum."*

BY ORDER OF THE BOARD



**Shannon Coates**  
Company Secretary  
13 August 2018

## NOTES

### Important notice in relation to proxies

Shareholders should have regard to the important information below if they intend to appoint a proxy.

### Voting exclusion statement for the Resolution (Approval of Proposed Transaction)

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the Resolution by or on behalf of Yuanrun or any of its associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of the Resolution.

### Voting entitlements

The Directors have determined that, for the purpose of voting at the Meeting, Shareholders eligible to vote at the Meeting are those persons who are the registered holders (**Registered Shareholders**) of Shares at 7.00 pm (Sydney time) on 11 September 2018 (**Voting Record Date**).

### How to Vote

You may vote by attending the Meeting in person, by proxy, or by an authorised representative.

### Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the Meeting, if possible, so that the Company may check their shareholdings against the Company's share register and note attendances.

### Voting in Proxy

To vote by proxy, the Proxy Form (together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the proxy is signed) must be received at the Company's Share Registrar by no later than 5.00 pm (Sydney time) on 11 September 2018 (Proxy Forms received after that time will be invalid). Proxy Forms must be received before that time via any of the following methods.

By Post:	Boardroom Pty Limited GPO Box 3993 Sydney, NSW 2001
In person:	Boardroom Pty Limited Level 12, 225 George Street Sydney, NSW 2000
By Facsimile:	+61 2 9290 9655
Online at:	<a href="https://www.votingonline.com.au/reyresourcesgm2018">https://www.votingonline.com.au/reyresourcesgm2018</a>

A Shareholder has the right to appoint a proxy, who need not be a Shareholder of the Company. A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. If the appointment does not specify the proportion or the number of votes each proxy may exercise, each proxy may exercise half the votes.

Proxies are reminded that they must cast all directed proxies as directed. Any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If you are a Beneficial Shareholder and have received these materials through your broker or through another intermediary, please complete and return the Proxy Form in accordance with the instructions provided to you by your broker or other intermediary.

#### **How the Chairman of the Meeting will vote undirected proxies**

The Chairman intends to vote all available undirected proxies in favour of the Resolution. Shareholders should refer to the information above in relation to the voting restrictions that may affect their proxy appointments for the Resolution.

#### **Corporate Representatives**

A corporate Shareholder may elect to appoint an individual to act as its representative at the Meeting in accordance with Section 250D of the Corporations Act. An appointment of a corporate representative must be in writing, be signed by the corporate Shareholder and must include the representative's name or the name of the office held by representative. The instrument of appointment must be lodged, by post or by facsimile, with the Company and/or the Company's Share Registrar, Boardroom Pty Limited, by no later than the start of the Meeting.

Appointment of corporate representative documents are available on request by contacting Boardroom Pty Limited on telephone number 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

#### **Enquiries**

Shareholders are invited to contact the Company's Share Registrar, Boardroom Pty Limited on telephone number 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) if they have any queries in respect of the matters set out in these documents.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum is an important document and should be read carefully. If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice of General Meeting, please contact the Company Secretary of Rey, your stockbroker or other professional adviser.

### General Information

This Explanatory Memorandum has been prepared for the Shareholders of the Company in connection with the General Meeting of the Company to be held on 13 September 2018.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the resolution detailed in the Notice.

### BACKGROUND

#### General

The Company and Yuanrun Investment Ltd (**Yuanrun**) entered into a cooperation framework agreement on 17 July 2018 (**Agreement**) for the sale of 100% of the shares in Blackfin Pty Ltd (**Blackfin**). Blackfin is a wholly-owned subsidiary of the Company which holds interests in a coal project in Western Australia, the Duchess Paradise Thermal Coal Project (**DP Project**). For more information about the DP Project see below. The consideration for the sale of Blackfin is A\$24,000,000, consisting of an initial cash payment of A\$2,000,000 and a convertible loan worth A\$22,000,000.

Completion of the transaction under the Agreement will result in the Company selling 100% of the shares in Blackfin to Yuanrun.

There will be no changes to the Board as a consequence of the Proposed Transaction.

The key terms of the Agreement are set out below.

#### About the Agreement

Pursuant to the Agreement, Yuanrun has paid a deposit of A\$2 million which is non-refundable except in the event that shareholder approval cannot be obtained by Rey in relation to the Agreement. It is otherwise applied as partial payment of the consideration. The remaining consideration of A\$22 million will be treated as a convertible loan (**CL**) which bears an interest of 3% per annum, payable on a quarterly basis. The CL will be guaranteed by a guarantor, the identity of whom is to be agreed by the parties. The CL will be convertible into shares in a project company (**Project Company**), which will hold interests in the DP Project, upon the Project Company's listing on a mutually approved stock exchange (preferably, the Hong Kong Stock Exchange) (**Listing**). The issue price for securities in the Project Company has not yet been determined. The Agreement contemplates that the Listing will occur within three years from all licenses being obtained for the Project Company. Within this three-year period, construction of a coal mine must also commence (**Construction**). If Listing and Construction do not occur within the three-year period, the parties can agree to negotiate on extending the period for Listing and Construction by a further 24 months.

In the event that the Project Company is unable to achieve Listing and Construction within the agreed period, the Agreement shall be terminated by the parties and Yuanrun or the guarantor shall repay in full any remaining amounts under the CL together with any accrued interest in cash.

The transfer of the ownership of shares in Blackfin will only occur once approval of Rey's shareholders and approvals from the relevant governments and regulatory authorities has been obtained.

### About the DP Project

The DP Project is located at the West Kimberley Region in Canning Basin of Western Australia (refer Figure 1). It includes three exploration tenements (E04/1386, E04/1519, E04/1770) with a total area of approximately 197 km<sup>2</sup> and is the only coal project in the area. The Mining Licence Application (M04/453) was lodged in 2010 which covered the three tenements. The DP Project has a total JORC resources of 305Mt within P1 coal seam based on the results of 385 drill holes (see table 1). The Derby Port is about 175km north west linked to the DP Project via Great Northern Highway. The DP Project is Rey's only coal project.

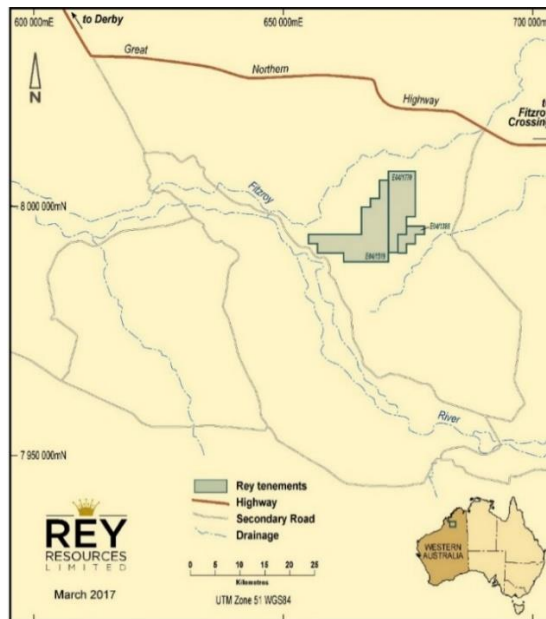


Figure 1: Location of Duchess Paradise Project.

Table 1: Duchess Paradise P1-seam Resources - October 2014 (JORC 2012 Code)

Duchess Paradise Resources Estimate (in-place, with <i>in situ</i> moisture) Million Tonnes <sup>1</sup>					
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.

### Timetable for Completion

The Company anticipates that the indicative timetable for implementation of the Proposed Transaction will be as set out below.

Event	Date
Dispatch of Notice of Meeting	13 August 2018
Date of Meeting	13 September 2018

Settlement of the Proposed Transaction	Within 10 days after approval of the Resolution
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### Financial effects of the transaction on the Company

As at 31 December 2017, the carrying value of Blackfin in Rey's financial statements was \$21,780,000, being the amount of Rey's exploration and evaluation expenditure in relation to the DP Project. Blackfin has not contributed to the revenue of Rey. As a result of the Proposed Transaction, Rey's:

- cash and cash equivalents will increase by \$2,000,000;
- non-current assets will increase by \$220,000 (see below table illustrating the changes to the non-current asset line items); and
- total consolidated assets will increase by \$2,220,000.

Non-current asset line item	As at 31 December 2017 (as per the Annual Report) '000	Pro-forma as at 31 December 2017 '000	Change due to the Proposed Transaction '000
Property, plant and equipment	10	10	Nil
Investment	212	212	Nil
Exploration and evaluation expenditure	38,526	16,746	-\$21,780
Convertible Loan	-	22,000	+\$22,000
Total Non-Current Assets	38,748	38,968	+\$220

### Reasons for the Proposed Transaction

The Directors believe that the Proposed Transaction is in the best interests of the Company. A summary of the advantages and disadvantages of the Proposed Transaction are set out below for Shareholders to consider.

The transaction is principally being conducted and structured to enable Rey to access capital for the DP Project. By disposing of the asset, the Company will provide the DP Project with the immediate capital requirements (borne by Yuanrun) to progress the DP Project. Yuanrun and Rey will work together to achieve the Listing of the Project Company in order to access capital markets in Asia so that the DP Project can be further developed.

### Advantages

- The sale will immediately reduce the Company's expenditure commitments in relation to the DP Project and under its exploration tenements, and the costs of pursuing the application for the Mining Lease, planned update of the Definitive Feasibility Study (originally completed in 2012) and other compulsory applications.
- The sale increases the Company's cash position, which will enable to fund the development of other projects and payback part of current loans.
- The Company will retain an interest in the DP Project if Listing and Construction are successful, and so the Company will retain exposure to any upside attached to the DP Project without having all of the associated risks and financing requirements.

- Following completion of the Proposed Transaction, the Company will have the capacity to further focus on its oil and gas exploration activities.

#### Disadvantages

- While senior management of the Company will work with the Project Company to advance the DP Project over the coming years the Company will no longer be the legal owner of the DP Project. As such, the Company will only have indirect interest in the DP Project through its shareholding in the Project Company.
- There is no guarantee that the Project Company will complete a successful Listing, in which event, Yuanrun or the guarantor shall be liable to repay in full any remaining amounts under the CL together with any accrued interest in cash. If this were to occur, the Company will not be able to participate any further in, or derive any further benefit from the DP Project within the 5 year period.
- Share market conditions may affect the value of the Project Company Shares regardless of the Project Company's operating performance. The market price of the Project Company Shares may be subject to fluctuation and may be affected by many factors including, but not limited to, the following:
  - general economic outlook;
  - interest rates and inflation rates;
  - currency fluctuations;
  - commodity price fluctuations;
  - changes in investor sentiment toward particular market sectors;
  - the demand for, and supply of, capital; and
  - terrorism or other hostilities.
- There is also no guarantee that an active market in the Project Company Shares will develop or that the price of the Project Company Shares will increase. There may be relatively few or no buyers or sellers of Project Company Shares on a listed stock exchange at any particular time.
- The market price of Project Company Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

#### Use of funds raised from the Proposed Transaction

The funds raised will be used for the development of the oil and gas projects including the Lennard Shelf Block development, the commitment geochemical survey in EP104 and R1 as well as a potential lead study in production licence L15 and Derby Block well location study.

Part of the funds will also be used to repay the loan due to ASF Group Ltd.



## Ongoing Activities

A summary of the Company's ongoing activities is set out below:

(a) Fitzroy Blocks (EP457 and EP458)

EP457 and EP458 (together, the **Fitzroy Blocks**) are located in the Canning Basin in the northwest of Western Australia (refer Figure 2 below). Ownership of the Fitzroy Blocks is: Rey (25% including 10% free carried to production), Buru Energy Limited (**Buru**) (ASX: BRU) (37.5% and Operator), and Diamond Resources (Fitzroy) Ltd (37.5%).

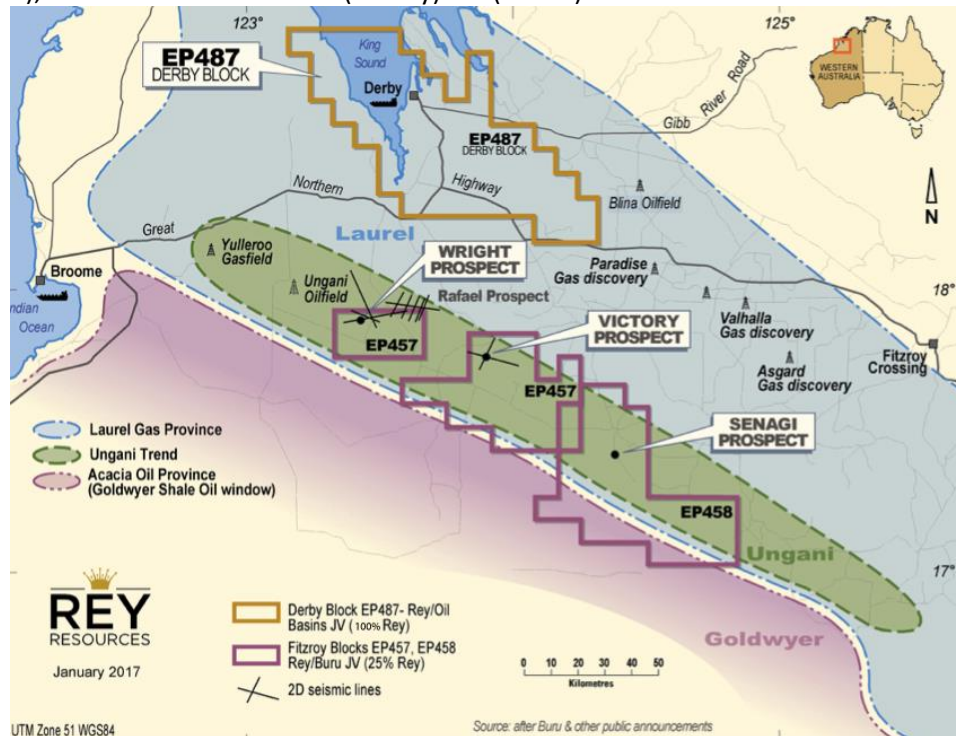


Figure 2: The three major prospective trends relative to Fitzroy Blocks EP457 and EP458 and Derby Block EP487.

The regulator granted a further five-year term for each of EP457 and EP458, commencing on 6 January 2017. The renewal of the permits mandatorily required the original area of each permit to be reduced by 50% and therefore EP457 and EP458 now cover an area of approximately 2,517km<sup>2</sup> and 2,920km<sup>2</sup> respectively. The work obligation for the first permit year of the new term of both permits is the acquisition of a magneto-telluric (M-T) survey.

The regulator issued a letter to the EP457 and EP 458 joint venture (**JV**) parties on 18 February 2018 advising of the policy that it has developed for the management of work programs during the period of the moratorium on hydraulic fracture stimulation (fracking). The regulator also invited the JV to lodge new applications to replace the applications for suspensions that were lodged on 28 July 2017. Accordingly, replacement applications consistent with the regulator's policy were therefore submitted for each of EP457 and EP458 on 9 March 2018 and granted on 23 April 2018. During the report period, Buru is continually working on the identified lead in the area and planned Magneto-Telluric (MT) survey. The MT survey will not be conducted by May 2020.

(b) Derby Block (EP487)

Rey holds a 100% interest in petroleum exploration permit EP487 (**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 Figure 3) 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).

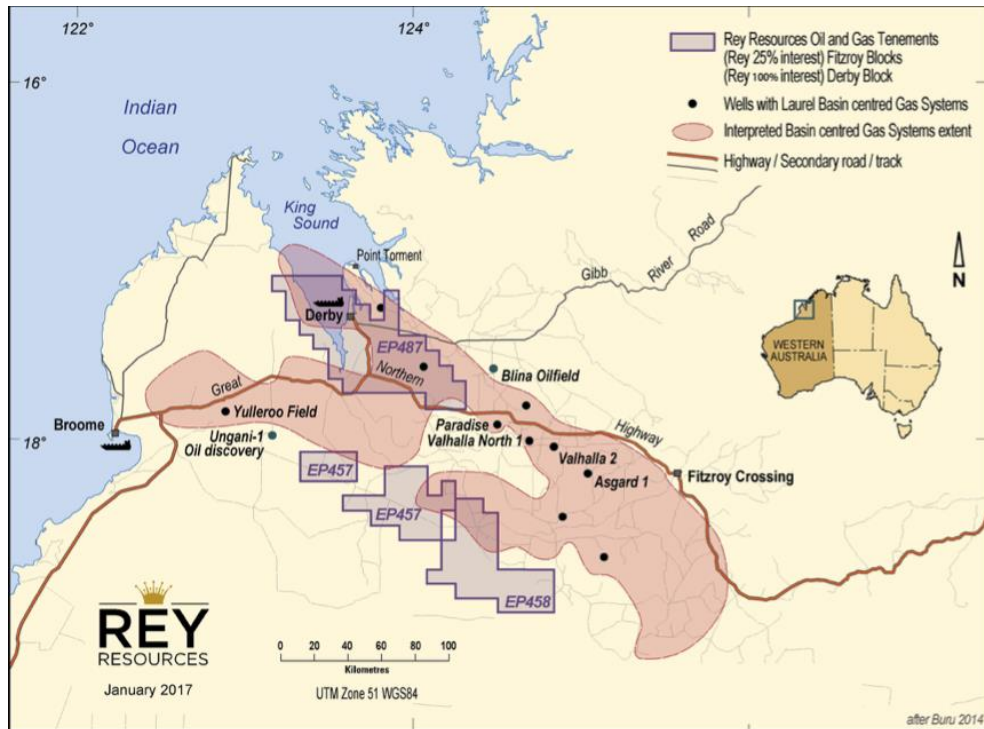


Figure 3: Interpreted extent of the Laurel Basin gas system in relation to Rey's petroleum interests (after Buru and others).

On 20 March 2018, Rey was granted the suspension and extension of current year commitments for EP487. The one well commitment has been deferred by 12 months to end of 2019. During the quarter ending 30 June 2018, Rey continued interpreting the new seismic data and working on the well location study for Butler Prospect.

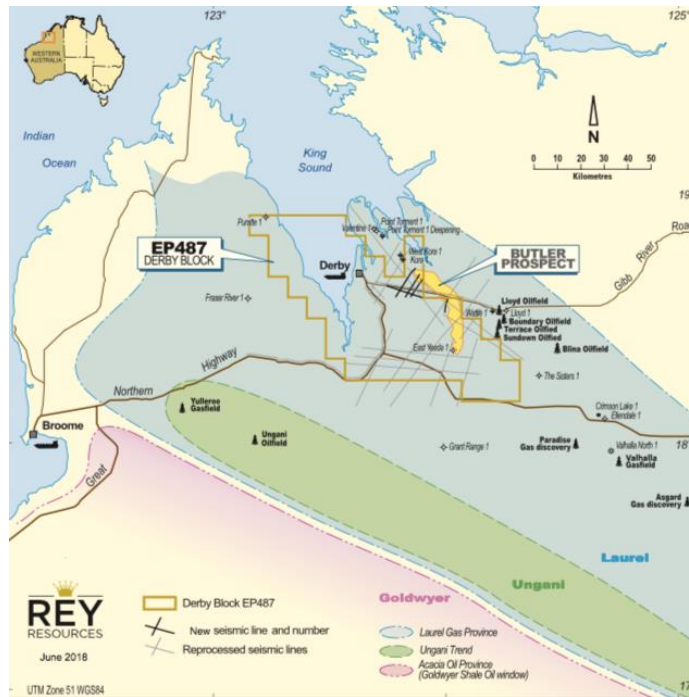


Figure 4: Location of New 2D Seismic.

#### a. About the Butler Prospect

The Butler Prospect is located adjacent to the Gibb River Road, just 45km east of Derby. Seismic reprocessing and mapping conducted in early 2017 uncovered a large undrilled seismic feature in the mid-Laurel with an estimated potential of 4 TCF (120 mmbbls associated liquids) recoverable net to EP487. The seismic anomaly is encased in the Laurel section which is gas saturated in local wells. This unconventional section produced gas after stimulation from the Yulleroo and Asgard/Valhalla area. It is interpreted that the section at Butler contains sandstones capable of conventional commercial production without need of stimulation.

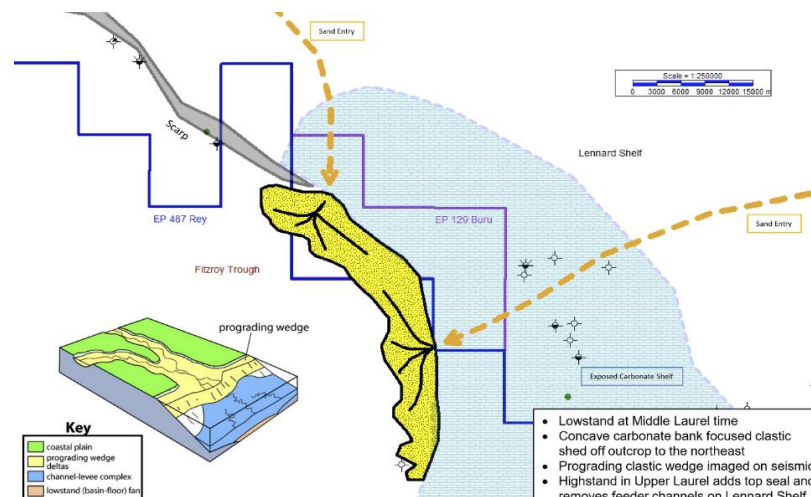


Figure 5: The Butler Prospect shown in depositional form in the North-East corner of EP 487.

Rey is working with the adjoining acreage holder (Buru Energy) on the interpretation of the area, as the Butler Prospect is interpreted to lie in both EP487 and Buru's adjacent EP129.

b. Prospective Resources

An estimate of the gross prospective potential recoverable resource estimate (Tcf gas recoverable) of the BCG play in the Derby Block (onshore portion) was provided by 3D Geo in June 2017. Rey's 100% interest in these Prospective Potential Recoverable Resources (unrisked, probabilistic estimate) of the Derby Block BCG play is provided in Table 1 below.

Prospective Potential Recoverable Resources SPE PRMS (2011) <sup>3</sup>				
		P90 <sup>1</sup>	P50 <sup>1</sup>	P10 <sup>2</sup>
Gas in place	Tcf <sup>1</sup>	68.0	169.6	412.9
Recoverable Gas	Tcf <sup>1</sup>	9.4	28.4	81.1
Recoverable Condensate	MMbbl <sup>2</sup>	239	707	2,066
Recoverable BOE	MMBOE <sup>4</sup>	1,852	5,283	15,096

Table 1: Rey's 100% attributable interest in the gross prospective potential recoverable resources estimate of the Laurel BCG in EP487 (estimate prepared by 3D-GEO June 2017).

<sup>1</sup> Tcf- trillion cubic feet.

<sup>2</sup> MMbbl- million barrels.

<sup>3</sup> SPE PRMS (2011) – Society of Petroleum Engineers Petroleum Resource Management System (2011).

<sup>4</sup> MMBOE- million barrels oil equivalent. Calculated using ratio of 6.22 billion cubic feet of gas equivalent to 1 million barrels of crude oil.

Prospective resources are the estimated quantities of petroleum that may be potentially recovered by the application of a future development project and relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

(c) Lennard Shelf Blocks – EP104, R1 and L15

In May 2018, Rey entered into a Sale and Purchase Agreement with Key Petroleum Ltd (**Key**) and Indigo Oil Pty Ltd (**Indigo**) to acquire 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 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.

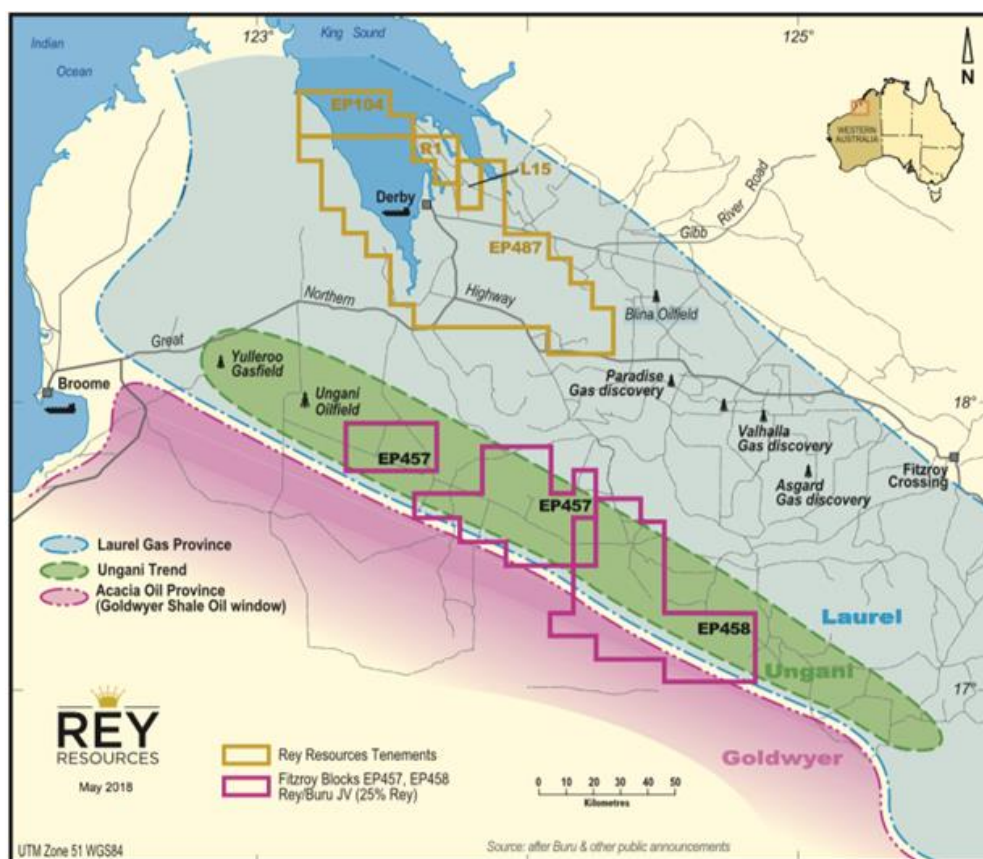


Figure 6: Location of Lennard Shelf Block and Rey's other oil and gas interests in the Canning Basin.

Rey has acquired from Key 100% of the shares in Gulliver Productions Pty Ltd (**Gulliver**), a wholly owned subsidiary of Key, which currently holds majority interests in the Lennard Shelf Blocks.

In addition, Indigo has agreed to transfer Indigo's interests in each of EP104, R1 and L15 to Gulliver. Following this transfer, Gulliver will hold 100% of the Lennard Shelf Blocks. Further, Gulliver has agreed to grant a commercial royalty of 2.5% and 0.5% to Key and Indigo separately over R1 and L15 upon completion of each applicable transfer.

Rey has acquired 100% of the shares in Gulliver, which holds 89.23%, 85.23% and 85.40% participating interests in EP104, R1 and L15 respectively. Indigo holds the remaining interests in the permits and has agreed to assign these to Gulliver, subject to the granting of the approvals required under WA petroleum laws. Upon satisfaction of those conditions, Gulliver will hold a 100% interest in the Lennard Shelf Block assets.

### Competent Persons Statement - Coal Resources Estimate

The estimate of P1-seam Resources in the Duchess Paradise area was first reported to ASX on 28 October 2014, in accordance with:

- "The Australian Guidelines for Estimating and Reporting of Inventory oal, Coal Resources and Coal Reserves" – 2003 Edition prepared by the Coalfields Geology Council of New South Wales and the Queensland Mining Council;
- JORC Code, 2012 Edition, and as adopted by the Australian Stock Exchange; and
- ASX Companies Update 03/07 and the JORC paper of June 19th 2007, Guidance for Practitioners.

The P1-seam Resources estimate and discussion presented in this Notice is based on information supplied by Rey or by companies employed by Rey, as well as information collected during exploration



activities under the guidance of Rey. The information was approved by consultants to the Company 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. 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 this Notice.

Mr Keim has over 32 years of experience in coal-related work, including but not limited to coal exploration and coal reserve/resource 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). He has served as a 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 resource and reserve 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 has served 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.

#### **Competent Persons Statement - Petroleum Exploration**

The technical information quoted 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 this Notice.

#### **Summary of the Resolution**

A summary of the Resolution is as follows:

The Resolution seeks Shareholder approval for the Proposed Transaction pursuant to Listing Rule 11.4, as Listing of the Project Company will result in the DP Project, the main asset pursuant to the Proposed Transaction, being listed on a foreign exchange.

## **RESOLUTION– APPROVAL OF PROPOSED TRANSACTION**

### **General**

See the Background section for the terms of the Proposed Transaction and an explanation of the DP Project.

### **Listing Rule 11.4**

Listing Rule 11.4 provides that a company must not dispose of a major asset if, at the time of the disposal, it is aware that the entity acquiring the asset intends to issue or offer securities with a view to becoming listed. However, the rule does not apply in the following cases:

- (a) the securities except those to be retained by the Company, are offered pro rata to shareholders, or in another way that in ASX's opinion is fair in all the circumstances; or
- (b) the Company's Shareholders approve the disposal without a pro-rata offer being made.

### **Approval**

The Resolution seeks Shareholder approval under Listing Rule 11.4.1(b) for the Proposed Transaction on the terms set out in this Notice.

### **Impact of the Proposed Transaction on the Company**

Whilst the Company will not wholly own the DP Project and Blackfin following settlement of the Proposed Transaction, it will still retain a percentage interest in the Project Company if the Listing and Construction are successful. In the event that the Listing and Construction are not successful within the three-year period after all licenses are obtained for the Project Company, as noted above in the Background section, the parties can agree to negotiate to extend the period for Listing and Construction by a further 24 months.

In the event that the Project Company is unable to achieve Listing and Construction within the agreed period, the Agreement shall be terminated by the parties and Yuanrun or the guarantor (identity of whom is to be agreed in due course by the parties) shall repay in full any remaining amounts under the CL together with any accrued interest in cash. See above in the Background section for the financial effects of the Proposed Transaction on the Company.

### **Advantages and Disadvantages of the Proposed Transaction**

For a summary of the advantages and disadvantages of the Proposed Transaction see the Background section above.

### **Future Direction**

Following settlement of the Proposed Transaction, the Company intends to focus on developing and exploring its oil and gas tenements in the Canning Basin. For further details, refer to the most recently lodged Appendix 4C and Quarterly Activities Report, lodged on 31 July 2018.

### **What happens if the transaction does not proceed?**

Rey will continually seek farmout opportunities for the forward works of the DP Project as well as the mine construction if the Proposed Transaction does not proceed.

**Directors' Recommendation**

None of the Directors have a material personal interest in the subject matter of the Resolution. Based on the information available, the Board recommends that Shareholders vote in favour of the Resolution.



## GLOSSARY

<b>Agreement</b>	means the cooperation framework agreement between the Company and Yuanrun executed on 17 July 2018.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.
<b>ASX Listing Rules or Listing Rules</b>	means the Listing Rules of ASX.
<b>BCG</b>	means Wet Laurel Basin Centered Gas.
<b>Beneficial Shareholders</b>	means persons who are or become holders of beneficial interests in Shares, either directly or through nominee or other holders.
<b>Blackfin</b>	means Blackfin Pty Ltd (ACN 094 938 708).
<b>Board</b>	means the current board of Directors of the Company.
<b>Buru</b>	means Buru Energy Limited.
<b>Chairman</b>	means the chair of the Meeting.
<b>CL</b>	means the convertible loan which will form part of the consideration under the Proposed Transaction.
<b>Company or Rey</b>	means Rey Resources Ltd (ABN 84 108 003 890).
<b>Construction</b>	means commencement of construction of a coal mine under the Agreement.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>Derby Block</b>	means EP487.
<b>Directors</b>	means the current directors of the Company.
<b>DP Project</b>	means the Duchess Paradise Thermal Coal Project.
<b>Explanatory Memorandum</b>	means the explanatory memorandum accompanying this Notice of Meeting.
<b>Fitzroy Blocks</b>	means EP457 and EP458.
<b>General Meeting or Meeting</b>	means the General Meeting of the Company convened by this Notice of Meeting.
<b>Gulliver</b>	means Gulliver Productions Pty Ltd.
<b>Indigo</b>	means Indigo Oil Pty Ltd.
<b>JORC</b>	means the Australasian Joint Ore Reserves Committee.

<b>JV</b>	means the EP457 and EP458 joint venture.
<b>Key</b>	means Key Petroleum Limited.
<b>Listing</b>	means the proposed listing of the Project Company on a mutually approved stock exchange.
<b>Notice or Notice of Meeting</b>	means this Notice of the General Meeting including the Explanatory Memorandum and Proxy Form.
<b>Project Company</b>	means the project company pursuant to the Agreement.
<b>Project Company Shares</b>	means a fully paid ordinary share in the capital of the Project Company.
<b>Proposed Transaction</b>	means the sale of Blackfin by the Company to Yuanrun pursuant to the Agreement, the details of which are set out in the Background section.
<b>Proxy Form</b>	means the proxy form accompanying the Notice.
<b>Registered Shareholders</b>	means those persons who are registered holders of Shares as at the applicable date.
<b>Resolution</b>	means the resolution set out in the Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Share Registrar</b>	means Boardroom Pty Ltd.
<b>Shareholder</b>	means a person, corporation or body holding a Share on the Rey share register.
<b>Voting Record Date</b>	means 7.00 pm (Sydney time) on 11 September 2018.
<b>Yuanrun</b>	means Yuanrun Investment Ltd.



#### All Correspondence to:

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 5:00pm (Sydney time) on Tuesday, 11 September 2018.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/reymesourcesgm2018>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **5:00pm (Sydney time) on Tuesday, 11 September 2018.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** <https://www.votingonline.com.au/reymesourcesgm2018>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

# Rey Resources Limited

ABN 84 108 003 890

☐

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **Rey Resources Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **3B Macquarie Street, Sydney NSW 2000 on Thursday, 13 September 2018 at 5:00pm (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

### STEP 2 VOTING DIRECTIONS

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Resolution 1 Approval of Proposed Transaction

For Against Abstain\*

☐☐☐

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2018