

ASX ANNOUNCEMENT

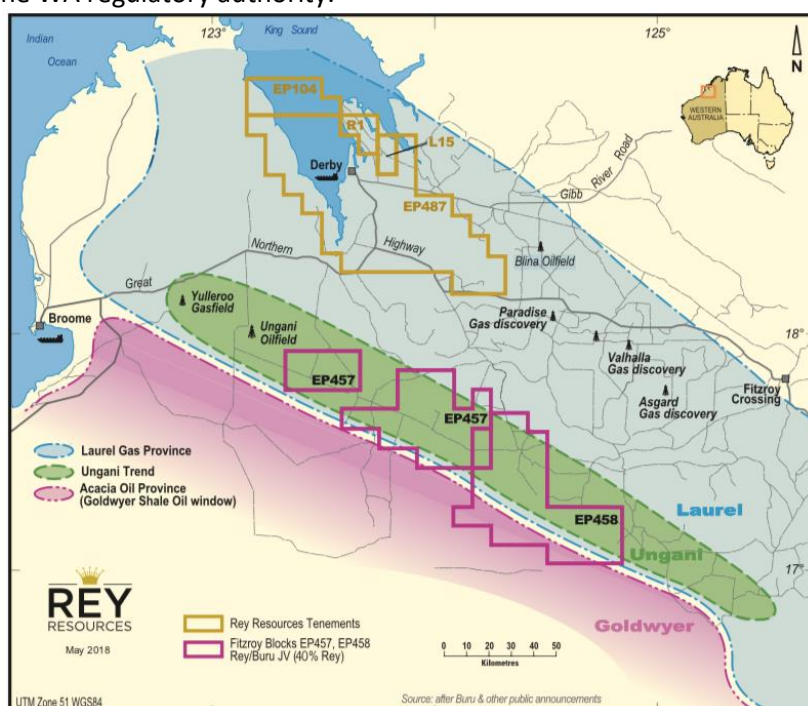
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Rey and Buru increase their interest in EP457 and EP458 permits in the Canning Basin

Highlights:

- Rey and Buru have agreed to purchase from Mitsubishi its interests in petroleum exploration permits EP457 and EP458 in the Canning Basin.
- At the conclusion of the transaction, the working interests in the permits will be:
 - Buru 60% (Operator)
 - Rey 40%

Rey Resources Limited (**Rey** or the **Company**) (ASX: REY) advises that, pursuant to a transaction entered into between Buru Energy Limited (via its wholly owned subsidiary Buru Fitzroy Pty Ltd (**Buru Fitzroy**)) and a wholly owned subsidiary of Mitsubishi Corporation (Diamond Resources (Barbwire) Pty Ltd (**DRB**)) whereby Buru Fitzroy will increase its interests in these permits from 37.5% to 60%, Rey (via its wholly owned subsidiary Rey Oil and Gas Pty Ltd) has exercised its pre-emptive rights under the permit joint operating agreements and entered into a parallel agreement with DRB to increase its current interests in each of the EP457 and EP458 permits from 25% to 40% for a total cash consideration of \$480,000. The transaction and settlement is subject to standard approvals and registration by the WA regulatory authority.



Under an existing joint venture funding agreement, part of Rey's working interest is subject to a free carry loan funded by Buru Fitzroy and DRB through to the grant of a production licence. Any funds advanced through the free carry agreement would then be fully repayable by Rey from production. With effect from completion of the above transaction, Buru Fitzroy will be liable to fund approx. 6.66% of joint venture costs on Rey's behalf as part of this pre-existing funding agreement. Rey will be required to fund the remaining net share of expenditure applicable to its 40% interest.

Commenting on the transaction, Rey's Managing Director Wei Jin said:

"Rey is pleased to have increased its interest in the highly prospective petroleum exploration permits EP457 and EP458. The conventional oil prospectivity of the permits was demonstrated by the Victory 1 well drilled by the then joint venture in EP457 in 2015, where Laurel sourced oil was recovered, and we look forward to agreeing the forward exploration program with Buru, as Operator, once the transaction has completed."

The ownership structure of the EP457 and EP458 permits before and after settlement and completion under both transaction agreements is summarised below:

Interest Holder	Pre-transaction Permit Interests	Permit Interests After Completion	Funding Interest After Completion
Buru Fitzroy Pty Ltd (Operator)	37.5%	60%	66.664%
Diamond Resources (Barbwire) Pty Ltd	37.5%	-	-
Rey Oil and Gas Pty Ltd	25%	40%	33.336%

For further information please contact:

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