

7 March 2019

Jessica Coupe
Australian Securities Exchange
152-158 St Georges Terrace
PERTH WA 6000

By email: listingscomplianceperth@asx.com.au; jessica.coupe@asx.com.au

Dear Jessica

REY RESOURCES LIMITED APPENDIX 5B QUERY

We refer to your letter dated 1 March 2019 referring to REY's Appendix 5B quarterly report for the period ended 31 December 2018 lodged with ASX Market Announcements Platform on 30 January 2019 ("Appendix 5B").

In response to your questions outlined in the letter, we provide the following information:

- 1. Does REY expect that it will continue to have negative operating cashflows for the time being and, if not, why not?**

As an oil and gas exploration company, REY expects it will continue to have negative operating cash flows for the time being.

- 2. Has REY 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?**

As announced on 5 March 2019, REY has signed a binding Farmout Agreement with Doriemus Plc (**Doriemus**) pursuant to which Doriemus will fund A\$1 million in development work on Rey's 100% owned Petroleum Production Licence 15 (**L15**). Subject to Doriemus funding the A\$1 million field development plan over the next 12 months, Doriemus will be assigned a 50% of the L15 permit.

Doriemus has also advised that it has finalised due diligence in relation to potentially farming into Rey's another 100% owned Exploration Permit 487 (**EP487**). Doriemus and REY are now aiming to finalise definitive documentation for proposed farmin to EP487. The proposed farmins by Doriemus of L15 and EP487 will reduce REY'S expenditure commitments on these tenements.

On 5 March 2019, REY announced that ASF Group Limited had agreed to extend its existing loan facility granted to REY from A\$3 million to A\$3.8 million, providing REY with access to a further \$800,000 in funding.

REY is also assessing other capital raising alternatives including but not limited to via debt and/or equity. The Board is confident the Company has the ability to raise additional capital, based on the Company's previous ability to successfully raise additional capital when required.



3. Does REY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

REY expects to be able to continue its operations and to meet its business objectives on the basis of its responses in 1. and 2 above.

4. Please confirm that REY is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

The Company confirms that it is in compliance with the Listing Rules, in particular Listing Rule 3.1 and there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

5. Please confirm that REY's responses to the questions about have been authorised and approved under its continuous disclosure policy or otherwise by its board or an officer of REY with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms the above responses have been approved by its the Board.

Please do not hesitate to contact me if further information is required.

Yours sincerely

A handwritten signature in black ink that reads "Shannon Coates".

Shannon Coates
Company Secretary



1 March 2019

Ms Shannon Coates
Company Secretary
Rey Resources Limited
c/o Evolution Corporate Services
Suite 5, 62 Ord Street
West Perth WA 6005

By email: shannon@evolutioncapital.com.au

Dear Ms Coates

Rey Resources Limited ('REY'): Appendix 5B Query

ASX refers to REY's Appendix 5B quarterly report for the period ended 1 December 2018 lodged with ASX Market Announcements Platform on 30 January 2019 (the 'Appendix 5B').

ASX notes that REY has reported:

- negative net operating cash flows for the quarter of \$333,000;
- cash at the end of the quarter of \$14,000; and
- estimated cash outflows for the next quarter of \$304,000.

It is possible to conclude, based on the information in the Appendix 5B that if REY were to continue to expend cash at the rate indicated by the Appendix 5B, REY may not have sufficient cash to continue funding its operations.

In view of that, ASX asks REY to respond separately to each of the following questions and requests for information:

1. Does REY expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has REY 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?
3. Does REY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that REY is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that REY's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of REY with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **5:00 PM AWST Thursday, 7 March 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in REY's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, REY's obligation is to

disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to REY’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that REY’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in REY’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Jessica Coupe
Adviser, Listings Compliance (Perth)