

29 October 2019

September 2019 Quarterly Report

HIGHLIGHTS

Corporate

- Extension of ASF Loan Facility to \$3.8 million and new financing arrangements

Oil & Gas

- L15 site work in progress

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Rey Resources Limited (ASX: REY) (“Rey” or “the Company”) is focused on developing its oil and gas interests in the Canning and Perth Basins, Western Australia.

1. Oil and Gas

1.1 Fitzroy Blocks (EP457 and EP458)

The Fitzroy Blocks are located in the Canning Basin in the northwest of Western Australia (refer Figure 1 below). Ownership of the Fitzroy Blocks is Rey (via its wholly owned subsidiary Rey Oil and Gas Pty Ltd) (40%) and Buru Fitzroy Pty Ltd (**Buru Fitzroy**), a wholly owned subsidiary of Buru Energy Limited (ASX: BRU) (60% and Operator).

Rey holds a total 40% participating interest in the two blocks, but only has a 33.336% funding obligation until commercial production. This is due to a Funding Agreement whereby Buru Energy Ltd free carries 6.664% of Rey's 40% participating interest. Buru will continue to be the Operator for future exploration work.

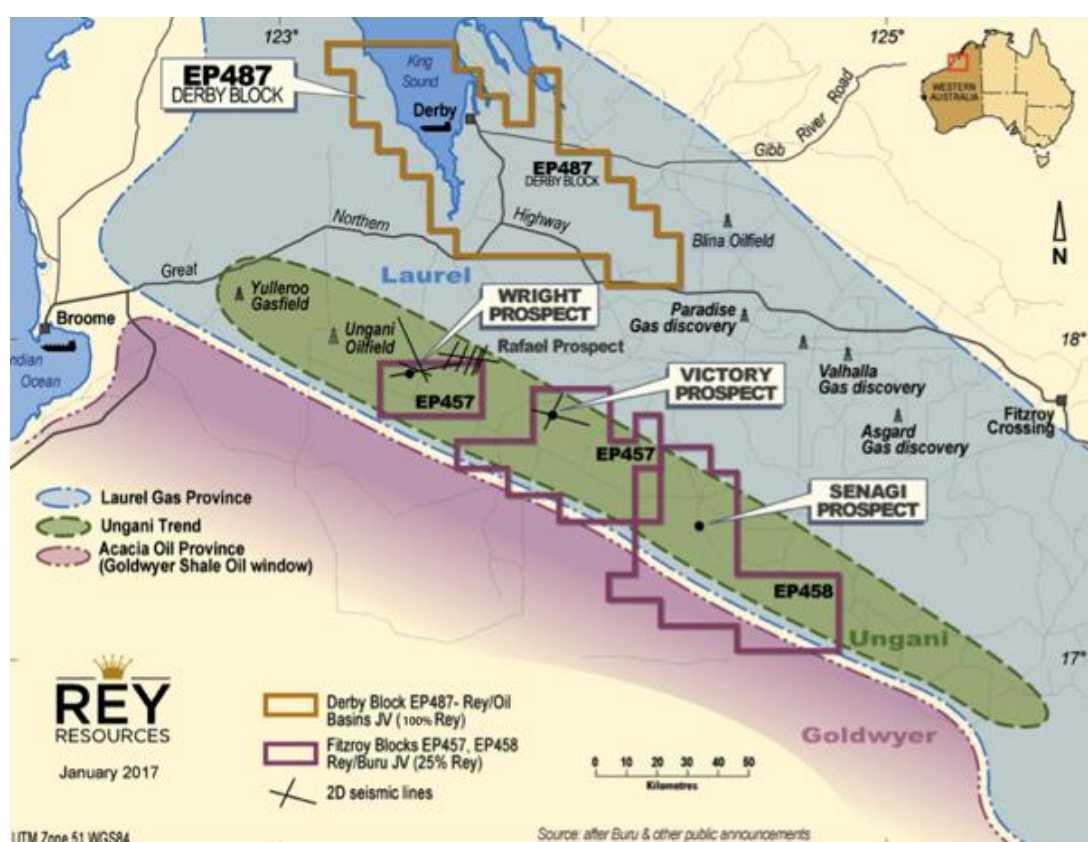


Figure 1: The three major prospective trends relative to Fitzroy Blocks EP457 and EP458 and Derby Block EP487.

An independent scientific inquiry into the hydraulic fracturing (fracking) process was completed and the final report from the panel was delivered to the Western Australian Government (**Government**) in September 2018. The report included 91 findings and 44 recommendations. The Government is still considering the potential imposition of new and additional regulations. In light of the uncertainty of the outcome of these deliberations, applications for further 12 month suspensions to the commencement of Year 1 and 12 month extensions to the permit terms of EP 457 and EP 458 were lodged with the regulator (**DMIRS**) on 7 January 2019 (STP-EPS-0299 and STP-EPS-0300 respectively). These applications were approved on 16 January 2019 and the requirement to complete the acquisition of a magneto-telluric geophysical survey in each permit to fulfil the Year 1 work program obligation has therefore been deferred until March 2021.

The Government announced on 8 July 2019 that it had approved an Implementation Plan (the Plan) following its consideration of the final report from the independent scientific inquiry panel. The Government also announced that a steering group made up of senior officials from key Government agencies developed the Plan and had been tasked with overseeing the implementation of the actions resulting from the Government's policy decisions relating to the findings and recommendations of the report. The Government also stated its intention to implement the recommendations and policy decisions by the end of 2020.

During the reporting period, Rey received the FY2020 Budget and work program from the Operator for discussion. The new work program proposes a 3D and 2D Survey focused on several key prospects. Rey is discussing details of the Budget with the Operator.

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 play (BCG) which is regionally extensive throughout the Canning Basin (refer to Figures 2 and 3 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 (refer to various BRU ASX releases including releases dated 20 January 2016 and 18 April 2016).

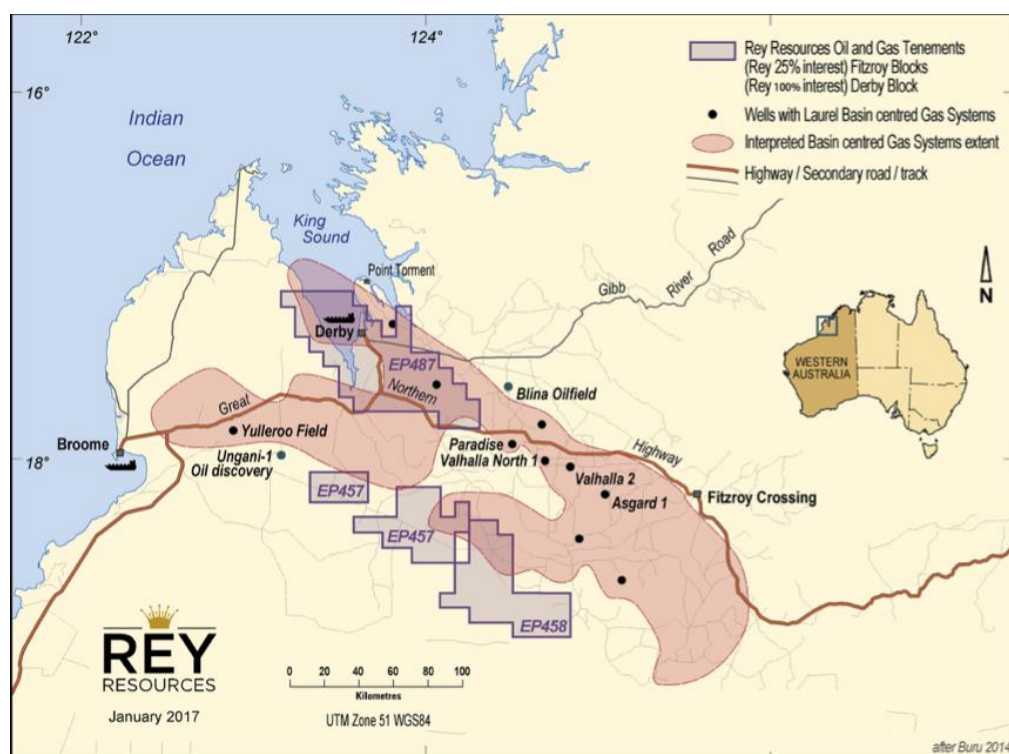


Figure 2: Interpreted extent of the Laurel Basin gas system in relation to Rey's petroleum interests (after Buru and others).

On 31 December 2018, Rey announced that it had entered into a binding letter of intent (**Agreement**) with Doriemus PLC (**Doriemus**) (ASX: DOR) pursuant to which Doriemus, subject to the completion of due diligence and fulfilling certain conditions precedent, agreed to farm in to EP487. During the quarter, the Company terminated the EP487 Agreement with Doriemus as the condition precedent to raise sufficient funds by 31 July 2019 to undertake the farm in work on EP487, had not been satisfied.

This termination ceases the right of Doriemus to earn an interest in EP487 and brings the EP487 Farmout Agreement to an end. Because no interest in EP487 has been transferred to Doriemus, Rey is and will continue to be the 100% holder of EP487. Rey will seek new partners for the development of EP487.

This termination does not affect the agreement with Doriemus regarding L15, which is pursuant to the separate L15 Farmout Agreement.

On 20 May 2019, Rey sent a letter to the Government regarding the potential partial voluntary relinquishment of 13 blocks in EP487 and applied to change the work programs for the remaining permit years, in consideration for the Government's ban on fracture stimulation. On 9 August, the Government suggested Rey maintain all blocks in EP487 and agreed to remove the drilling depth and core conditions for the permit Year 2 commitment well and to provide an exemption for the 2 well drilling requirements in permit Year 3. A new 12 month suspension and extension and work variation application reflecting the discussions with the DMIRS has been lodged.

During the quarter, Rey engaged 3D Geo to review the prospective Resources for EP487 as part of its annual review of Reserves and Resources. The results of this review were included in the Company's Annual Report, released to ASX on 28 October 2019.

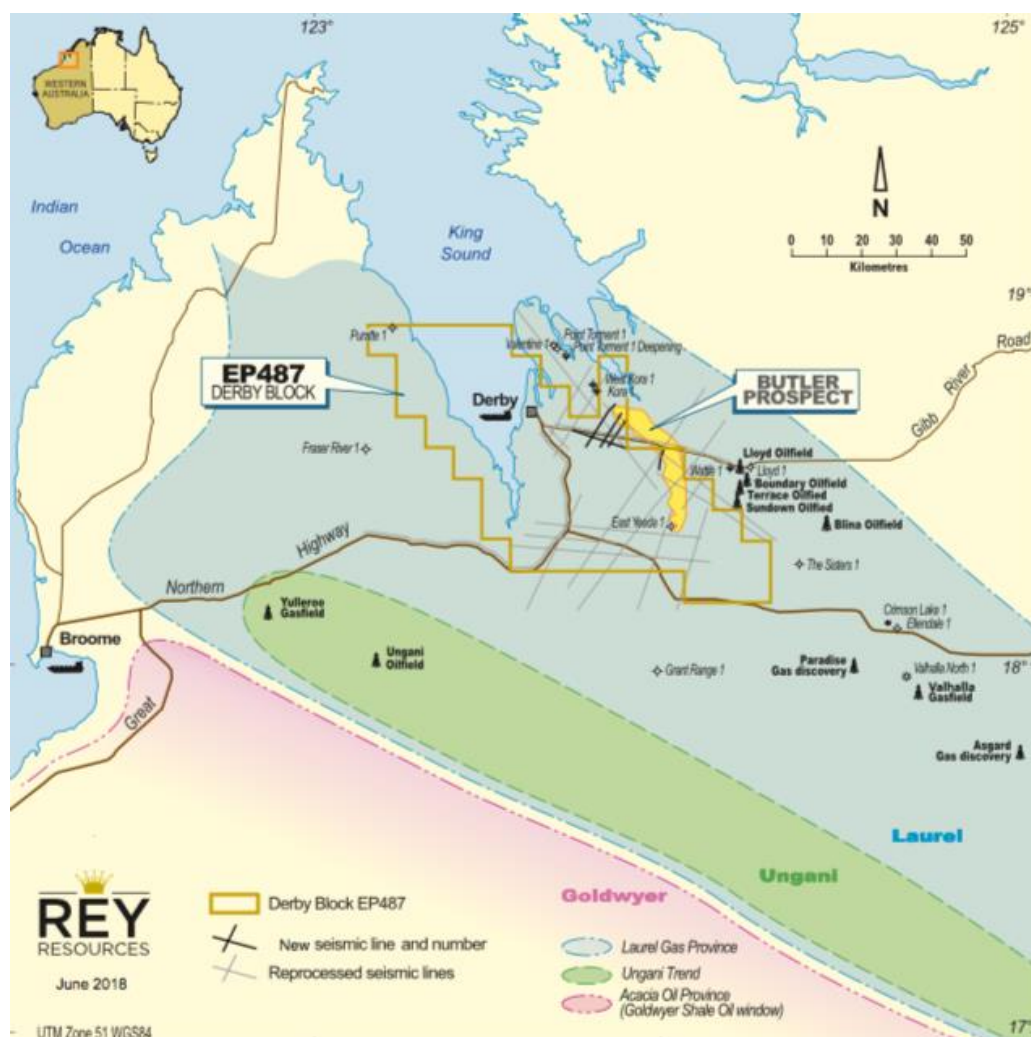


Figure 3: EP487 Location

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 4) petroleum exploration licence, EP487 covering a total area of approximately 1,145 km² and are considered prospective for conventional oil and tight gas.

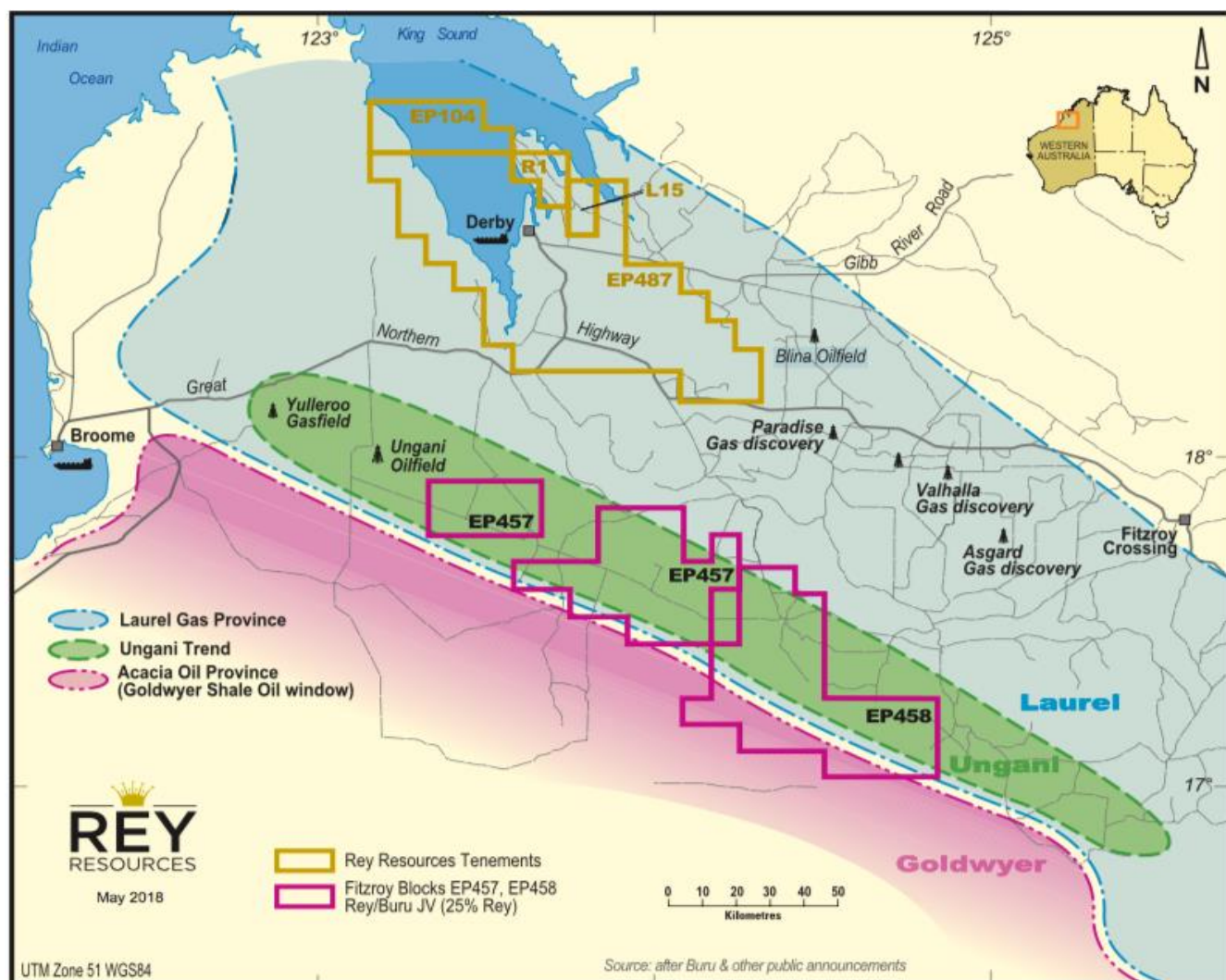


Figure 4: Location of Lennard Shelf Block and Rey's other oil and gas interests in the Canning Basin.

On 31 December 2018, Rey entered into a binding letter of intent with Doriemus pursuant to which Doriemus, subject to the completion of due diligence and fulfilling certain conditions precedent, agreed to farm in to Production Licence 15 (L15).

On 5 March 2019, Rey announced that it had entered into definitive documentation (subject only to the usual Government approvals), including a binding Farmout Agreement which comprises an agreed form Joint Operating Agreement (Agreements) with Doriemus for L15. Pursuant to the Agreements, Doriemus is to fund A\$1 million in development work on L15, in an endeavour to bring the West Kora 1 well (which is located within L15) into economic production.

Subject to Doriemus funding the \$1 million field development plan by 3 March 2019, Doriemus will be assigned 50% of the L15 permit. On completion, and subject to obtaining Government approvals, Doriemus will be appointed the Operator for L15. Doriemus continued to plan the on-site work during the quarter.

As requested by the Traditional Owners, Rey scheduled the heritage survey on 11 July 2019 for the coming geochemical survey in R1 and well inspection work in L15. A draft heritage protection agreement has also been received and reviewed by Rey. On 11 July 2019, the heritage survey was completed, and final heritage clearance report was received on 24 July 2019. The well inspection and West Kora Tank Farm clean work, which is required by the Government, is still ongoing at the date of this report but is largely complete.

On 20 May 2019, Rey sent a letter to the Government regarding the potential partial surrender of several blocks in EP104 and applied to vary the work programs for the remaining permit years, in consideration for the Government's ban on fracture stimulation. On 9 August 2019, the Government suggested Rey maintain all blocks in EP104 and agreed to remove the current geochemical survey requirements and drilling requirements in permit years 3 and 5. A work program variation application has been lodged with the DMIRS to reflect the suggestions from the Government.

L15

West Kora 1 is located within L15 (Production Licence) which is located on the Lennard Shelf, onshore Canning Basin, Western Australia. It comprises two graticular blocks covering an area of 163.46 square kilometres. L15 was granted on 1 April 2010 for a period of 21 years.

During the quarter, Rey engaged 3D Geo to review the Contingent Resources for L15. The results of this review were included in the Company's Annual Report, released to ASX on 28 October 2019.

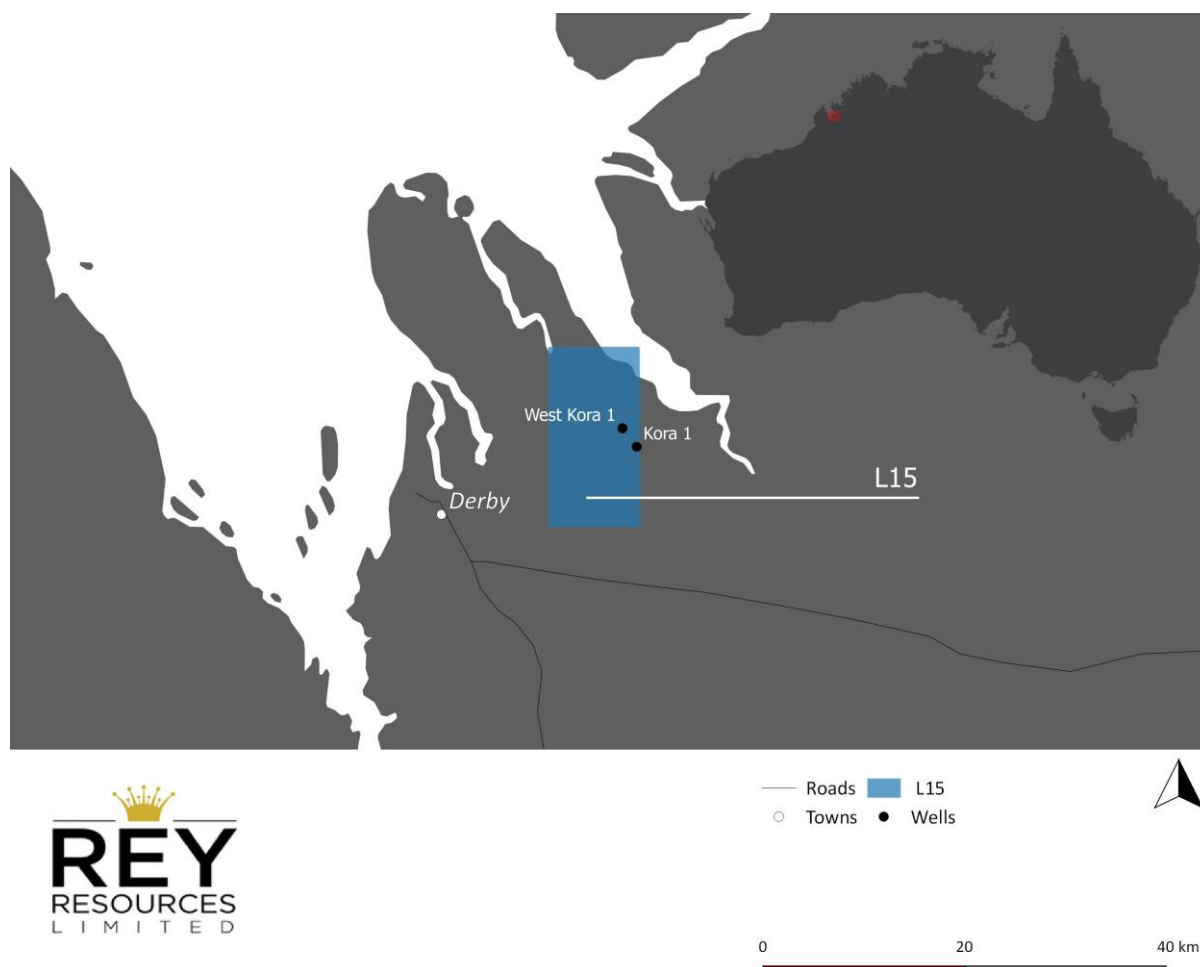


Figure 5: Map of L15 including locations of West Kora 1 Well

2. Coal

The Duchess Paradise Coal Project (**DP Project**) is a proposed bituminous thermal coal operation located in the Canning Basin of Western Australia and is partly contiguous with the Fitzroy Blocks. It has a reported Mineral Resource of 305.8Mt (JORC 2012 Code) (see ASX announcement on 28 October 2014).

Rey is negotiating an Access Deed with an objector (**Objector**) to remove the only objection to the Mining Licence Application. That Warden's Court will give the final decision once Rey and the Objector have reached agreement. During the quarter, Rey continued to progress an Access Deed with the Objector for a Mining Licence Application. After multi rounds discussion, the Access Deed is close to being finalised.

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.

The Company continues to investigate potential opportunities for the DP Project to maximise shareholder value.

During the quarter, Rey engaged ROM Resources to review the coal Resources for DP project. The results of this review were included in the Company's Annual Report, released to ASX on 28 October 2019.

3. Corporate

As at 30 September 2019, Rey had a loan facility for \$3,800,000 with ASF Group Limited (**ASF Loan Facility**), a \$500,000 outstanding loan from Wanyan Liu, a substantial shareholder in the Company (**Liu Loan #1**) and a second loan from with Wanyan Liu for \$3,000,000 (**Liu Loan #2**). The Liu Loan #2 was used to repay \$2,500,000 of the ASF Loan Facility (which remains available for re-draw pursuant to the terms of the ASF Loan Facility) and to provide general working capital.

As at 30 September 2019, the Company had fully drawn down the Liu Loans #1 and #2 and had \$2.35 million remaining for draw down from the ASF Loan Facility.

As announced on 17 July 2019, the Company entered into a third Loan Agreement with Wanyan Liu, pursuant to which a further loan facility of up to \$3,000,000 has been provided to the Company (**Liu Loan #3**). The Liu Loan #3 has and will be used to repay the balance of the ASF Loan Facility and support future working capital needs. As at 30 September 2019, the Company had \$2.5 million remaining for draw down from Liu Loan #3.

During the financial year ending 30 June 2019, the Company undertook an on-market share buyback and bought back 216,827 shares at a cost of \$66,000. As part of the ongoing capital management strategy, the Company announced on 24 June 2019 an on-market buyback program for a further 12 months from 9 July 2019. As at 30 September 2019, no additional shares had been bought back by the Company.

4. Competent Persons Statements

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 Coal, 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 report is based on information supplied by Rey Resources or by companies employed by Rey Resources, as well as information collected during exploration activities under the guidance of Rey Resources. 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 the body of this announcement.

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.

Petroleum Exploration

The technical information quoted for the Derby Block 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 the body of this announcement.

The technical and the prospective reserves and resources information quoted for L15 is quoted from Rey's announcement on 14 May 2018 and was compiled and/or assessed by Mr Doug Barrenger. Mr Barrenger received a BSc degree (geology) from the Australian National University and a Graduate Diploma in computing Science from the Queensland University of Technology. He has more than 35 years of experience in the petroleum industry. He has written numerous Independent Expert Reports, Resource Reports and Acreage and Resource Valuations, for IPO on several stock exchanges. He was the General Manager Subsurface at Exoma Energy through 2012 and is a founding partner of Fluid Energy Consultants (2013). He is a member of the Petroleum Exploration Society of Australia (PESA), the Society of Petroleum Engineers (SPE) and a thirty five-year, Active Member of the American Association of Petroleum Geologists (number 330431). 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 the body of this announcement.

Corporate Directory

Board of Directors

Min Yang	Non-executive Chairman
Wei Jin	Managing Director
Geoff Baker	Non-executive Director
Dachun Zhang	Independent Non-executive Director
Zhiliang Ou	Independent Non-executive Director
Louis Chien	Alternate Non-Executive Director (alternate to Min Yang)

Company Secretary

Shannon Coates

Capital Structure

Rey Resources is listed on the Australian Securities Exchange (ASX: REY) and had 212,188,439 ordinary shares on issue as at 30 September 2019.

Share Registry

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Sydney NSW 2000 Australia
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Fax: +61 2 9279 0664

Registered Office

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West Perth WA 6005 Australia
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Tenement Tenure Status (as at 30 September 2019)

Tenure ID ¹	Tenure Type	Holder (wholly-owned Rey subsidiary company)	Ownership% beginning quarter	Ownership% end quarter
Mineral Licences				
E04/1386	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1519	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1770	Exploration Licence	Blackfin Pty Ltd	100	100
M04/0453	Mining Lease Application	Blackfin Pty Ltd	100	100
Petroleum Permits				
EP457	Exploration Permit	Rey Oil and Gas Pty Ltd	25	40
EP458	Exploration Permit	Rey Oil and Gas Pty Ltd	25	40
EP487 ²	Exploration Permit	RLS	50	50
EP487 ²	Exploration Permit	RDB	50	50
L15 ³	Production Licence	Gulliver Productions	100	100
R1	Retention Licence	Gulliver Productions	100	100
EP104	Exploration Permit	Gulliver Productions	100	100

¹ All tenements are located in Western Australia.

² Royalties attaching to EP487: RLS may, at its election, on the grant of a production licence on EP487, either: grant Backreef Oil Pty Ltd a 1% royalty on sales proceeds from future production from its interest in EP487; or pay \$2 million to Backreef.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

REY RESOURCES LIMITED

ABN

84 108 003 890

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(171)	(171)
(b) development	-	-
(c) production	-	-
(d) staff costs	(28)	(28)
(e) administration and corporate costs	(231)	(231)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(79)	(79)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (Refund of Rental Bond)	-	-
1.9 Net cash from / (used in) operating activities	(509)	(509)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	500	500
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Share buy back	-	-
3.10	Net cash from / (used in) financing activities	500	500

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	28	28
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(509)	(509)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	500	500
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	19	19

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	19	28
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	19	28

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
81
-

Director fees (\$33,667), Consulting fees (\$47,632)

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	10,300	5,450
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The total facility amount comprises:

- (i) a loan facility for \$3,800,000 with ASF Group Limited (**ASF Loan Facility**);
- (ii) a \$500,000 loan from Wanyan Liu, a substantial shareholder in the Company (**Liu Loan #1**);
- (iii) a second loan from Wanyan Liu for \$3,000,000 (**Liu Loan #2**). The Liu Loan #2 was used to repay \$2,500,000 of the ASF Loan Facility (which remains available for re-draw pursuant to the terms of the ASF Loan Facility) and to provide general working capital; and
- (iv) as announced on 17 July 2019, a third Loan Agreement was entered into with Wanyan Liu pursuant to which a further loan facility of up to \$3,000,000 has been provided to the Company (**Liu Loan #3**).

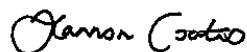
As at 30 September 2019, the Company had fully drawn down the Liu Loans #1 and #2 and had \$2.5 million remaining for draw down from Liu Loan #3 and \$2.35 million remaining from the ASF Loan Facility.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	311
9.2	Development	-
9.3	Production	-
9.4	Staff costs	29
9.5	Administration and corporate costs	245
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	585

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



29 October 2019

Sign here:
(Director/Company secretary)

Date:

SHANNON COATES

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.