



REY RESOURCES LIMITED

A.B.N. 84 108 003 890

**CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE
SIX MONTHS ENDED 31 DECEMBER 2019**

CORPORATE DIRECTORY

Directors

Ms Min Yang - Non-Executive Chairman

Mr Wei Jin - Managing Director

Mr Geoff Baker - Non-Executive Director

Mr Dachun Zhang - Independent Non-Executive Director

Dr Zhiliang Ou - Independent Non-Executive Director

Mr Louis Chien - Alternate Non-Executive Director (alternate to Ms Min Yang)

Company Secretary

Ms Shannon Coates

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Securities Exchange

Australian Securities Exchange Code: REY

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DIRECTORS' REPORT

The Directors of Rey Resources Limited ("Rey" or "the Company") and its subsidiaries ("the Group") present their report together with the consolidated interim financial report for the half-year ended 31 December 2019 and the auditor's review report thereon.

Directors

The Directors of the Company at any time during or since the end of the half-year are:

Name

Ms Min Yang – Non-Executive Chairman

Mr Wei Jin – Managing Director

Mr Geoff Baker – Non-Executive Director

Mr Dachun Zhang – Independent Non-Executive Director

Dr Zhiliang Ou – Independent Non-Executive Director

Mr Louis Chien – Alternate Non-Executive Director (alternate to Ms Min Yang)

Company Secretary

Ms Shannon Coates

Principal Activities

The principal activities of Rey are exploring for and developing energy resources in Western Australia's Canning Basin. The Company holds a 40% interest in the Canning Basin petroleum permits EP457 and EP458 (known as the "Fitzroy Blocks") and a 100% interest in EP487 (known as the "Derby Block"). It also holds a 100% interest in L15, R1 and EP104 in Canning Basin, as well as holding coal exploration licences and applications for a coal Mining Lease (M04/453) in the Canning Basin.

Review and results of operations

Financial Results

Net loss of the Group after income tax amounted to \$602,000 for the half-year ended 31 December 2019, a significant decrease of approximately 93% compared with the loss of \$8,271,000 for the corresponding period last year due to the impairment loss recognised last year.

During the period, the Group recognised a gain on fair value of listed investment of \$159,000 (2018: loss of \$53,000). Finance costs amounted to \$331,000 (2018: \$224,000) which was principally interest accrued for the loans granted by ASF Group Limited ("ASF") and Wanyan Liu, a shareholder of the Company.

Subsequent after the half-year ended, on 29 January 2020, the Company disposed of all its shareholding of 53,056,027 shares in Norwest Energy NL (ASX:NWE) for \$0.005 per share for a total consideration of \$265,280 (before costs).

DIRECTORS' REPORT

Operating Review

1. Oil and Gas

1.1 Fitzroy Blocks (EP457 & EP458)

During the period, reprocessing of the majority of the 2D seismic lines from the 2013 Frome Rocks and 2015 Rafael 2D surveys was completed. In total, approximately 331 line kilometres of 2D seismic data within EP457 were reprocessed from field tapes under this project. The reprocessing of the Frome Rocks 2D lines achieved a modest uplift in data quality, however only a minor improvement was achieved on the Rafael 2D lines. Additional reprocessing work was therefore undertaken on the Rafael 2D lines but this did not result in an appreciable uplift in data quality.

Interpretation of the newly reprocessed 2D seismic lines and integration with the existing vintage 2D data was largely completed during the Report Period. This work included integration with the high resolution semi-regional airborne gravity gradiometer (AGG) data set that was acquired using the Falcon technology in 2011 and 2013.

1.2 Derby Block (EP487)

On 6 August 2019, Rey received email from DMIRS regarding the letter Rey sent to DMIRS in May 2019, in relation to the permit work variation and partial voluntary pre-relinquish application as a result of the new fracking policy in WA. The email suggested that no relinquishment was required. The DMIRS advised they were also prepared to approve the EP487 work variation to remove the drilling depth requirement in Permit Year 2 and remove the 2 wells drilling requirement in Permit Year 3. Consequently, in September 2019 Rey lodged the new work variation and permit term suspension and extension application to reflect the revised exploration requirements. The application was approved on 13 November 2019.

During the period Rey continued the geological studies over the permit to identify potential drilling targets.

1.3 Lennard Shelf Blocks – EP104, R1 and L15

During the report period, Rey lodged a work variation and suspension application to DMIRS for EP104 due to the effect of new fracking policy in WA. The application was approved by DMIRS on 13 November 2019 that all drilling and on site work in EP104 has been removed.

Rey also lodged the work variation and suspension application to DMIRS in October 2019 for the coming geochemical survey in R1. The application was approved later in December 2019 and the new geochemical survey includes 150 sample points with total length of around 15km.

2. Coal

Rey's thermal coal tenements are located in the Fitzroy Trough of the Canning Basin, north of Western Australia. The Canning Basin is well situated to feed the strong Asian demand for Australian export thermal coal for power generation.

Duchess Paradise Project

During the reporting period, the Access Deed with Hancock Prospecting, the last objector to the Mining Lease Application, was executed. The objection withdrawal notice was sent to the Warden's Court. The Warden since confirmed the notice was received and is under assessment for recommendation.

Further information

Further details of operations during the six months ended 31 December 2019 are reported in the Quarterly Activity Reports released to the ASX and also available on the Company's website.

Rounding of Amounts

The Company is of the kind referred to in Australian Securities and Investments Commission (ASIC) Class Order 2016/191. In accordance with that Class Order, amounts contained in this report and in the Financial Report have been rounded off to the nearest one thousand dollars or, where the amount is \$500 or less, zero, unless specifically stated to be otherwise.

Subsequent Events

On 29 January 2020, the Company disposed of all its shareholding of 53,056,027 shares in Norwest Energy NL (ASX:NWE) for \$0.005 per share for a total proceeds of \$265,280 (before costs).

On 6 February 2020, the Company announced that it had received from Doriemus Plc (ASX:DOR) a notice of withdrawal which ceased the rights of Doriemus to earn an interest in L15 and brings the L15 Farmout Agreement to an end.

No other matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Lead Auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of the Directors' report for the half-year ended 31 December 2019.

This report has been made in accordance with a resolution of Directors.



Ms Min Yang
Chairman

12 March 2020
Sydney, NSW, Australia

Auditor's Independence Declaration under Section 307c of the *Corporations Act 2001* to the directors of Rey Resources Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 there have been:

- i. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- ii. No contraventions of any applicable code of professional conduct in relation to the review.

ShineWing Australia

ShineWing Australia
Chartered Accountants



Yang (Bessie) Zhang
Partner

Sydney, 12 March 2020

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

In thousands of dollars

	NOTES	31 Dec 2019	31 Dec 2018
Administrative expenses		(283)	(374)
Employee benefit expense	4	(147)	(167)
Depreciation expense		-	(3)
Change in fair value of investment	8	159	(53)
Impairment of exploration and evaluation assets	9	-	(7,450)
Loss from operating activities		(271)	(8,047)
Finance income		-	-
Finance cost		(331)	(224)
Loss before income tax expense		(602)	(8,271)
Income tax		-	-
Loss for the period		(602)	(8,271)
Other comprehensive income		-	-
Total comprehensive loss for the period, attributable to owners of the company		(602)	(8,271)
Basic and diluted loss per share (cents)	5	(0.03)	(0.39)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

In thousands of dollars

	NOTES	31 Dec 2019	30 June 2019
ASSETS			
Current Assets			
Cash and cash equivalents		29	28
Trade and other receivables	6	20	20
Prepayments		7	16
Total Current Assets		56	64
Non-Current Assets			
Property, plant and equipment	7	4	4
Investment	8	265	106
Exploration and evaluation expenditure	9	36,750	35,912
Total Non-Current Assets		37,019	36,022
Total Assets		37,075	36,086
LIABILITIES			
Current Liabilities			
Trade and other payables	10	109	110
Employee benefits	11	18	16
Loans and borrowings	12	5,097	2,534
Total Current Liabilities		5,224	2,660
Non-current Liabilities			
Loans and borrowings	12	1,707	3,000
Provision		3,272	2,952
Total non-current liabilities		4,979	5,952
Total Liabilities		10,203	8,612
Net Assets		26,872	27,474
EQUITY			
Share capital	13	86,597	86,597
Accumulated losses		(59,725)	(59,123)
Total equity		26,872	27,474

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

<i>In thousands of dollars</i>	Share capital	Accumulated losses	Total
Balance at 1 July 2018	86,663	(50,200)	36,463
Total comprehensive income:			
Loss for the period	-	(8,271)	(8,271)
Total comprehensive income for the period	-	(8,271)	(8,271)
Transactions with owners recorded directly in equity:			
<i>Contributions by and distributions to owners</i>			
Issue of ordinary shares	-	-	-
Share Buyback	(6)	-	(6)
Balance at 31 Dec 2018	86,657	(58,471)	28,186
Balance at 1 July 2019	86,597	(59,123)	27,474
Total comprehensive income:			
Loss for the period	-	(602)	(602)
Total comprehensive income for the period	-	(602)	(602)
Transactions with owners recorded directly in equity:			
<i>Contributions by and distributions to owners</i>			
Issue of ordinary shares	-	-	-
Share Buyback	-	-	-
Balance at 31 Dec 2019	86,597	(59,725)	26,872

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

In thousands of dollars

31 Dec 2019

31 Dec 2018

Cash flows from operating activities

Payments to suppliers and employees

BAS refund/(payments)

Net cash used in operating activities

(422) **(374)**

1 **5**

(421) **(369)**

Cash flows from investing activities

Payments for exploration expenditure

Net cash used in investing activities

(518) **(407)**

(518) **(407)**

Cash flows from financing activities

Share Buy Back

Finance Costs

Proceeds from loans and borrowings

Net cash generated from financing activities

- **(6)**

(170) **-**

1,110 **760**

940 **754**

Net decrease in cash and cash equivalents

Cash and cash equivalents at 1 July

Cash and cash equivalents at 31 December

1 **(22)**

28 **36**

29 **14**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO THE CONSOLIDATED FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

1. REPORTING ENTITY

Rey Resources Ltd (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half-year ended 31 December 2019 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2019 is available upon request from the Company's registered office or at www.reyresources.com.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with *AASB 134 Interim Financial Reports* and the *Corporations Act 2001*. They do not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2019. The consolidated interim financial statements were approved by the Board of Directors on 12 March 2020.

(b) Going concern basis

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half-year ended 31 December 2019 the Group incurred a loss of \$602,000. As at 31 December 2019, the Group had cash of \$29,000 and an available standby loan facility of \$2,440,000. The Group's current liabilities exceeded current assets by \$5,168,000 as at 31 December 2019.

The Directors have considered the following, in their assessment of the future funding of the Group:

- The Company has a \$2 million loan facility from ASF Group Limited ("ASF") with \$0.46 million remaining facility available for draw down as at 31 December 2019. The Company is in discussion with ASF for further extension of the maturity date.
- The Group has prepared a cashflow forecast for the period to 31 March 2021. The cashflow forecast reflects:
 - The need to raise additional funding during the forecast period;
 - The need to renegotiate to extend the repayment of the loans from ASF Group Limited and Wanyan Liu beyond their respective maturity dates;
 - The assumption that Ms Wanyan Liu do not call her loans owing from the Group within 12 months from the date of this consolidated interim financial report;
 - The assumption that ASF agrees to extend the loan maturity date; and
 - The need to defer or farm out the Group's share of certain petroleum interests to meet committed and forecast expenditures.

Rey is pursuing funding alternatives in the form of debt and equity, including discussions with existing shareholders, and with third parties for farming out certain petroleum interests.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

The Directors believe that sufficient funding will be sourced, the repayment of loans extended, the loans will not be recalled and farm out parties will be sourced in the timeframes required and that the adoption of the going concern basis of preparation is therefore appropriate.

The requirement to raise the necessary funding to meet its commitments and secure farm out parties, or defer expenditure, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and to be able to pay its debts as and when they fall due, and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

(c) Basis of measurement

The financial report is prepared on the historical cost basis.

(d) Functional and presentation currency

The financial report is presented in Australian Dollars which is the Company's and the Group's functional currency.

(e) Rounding

The Company is of a kind referred to in ASIC Class Order 2016/191 dated 24 March 2016 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

The ASIC class order CO 2016/191 permits the rounding of amounts in financial reports and Directors' reports prepared under Chapter 2M of the *Corporations Act 2001*. There are restrictions on the extent to which certain information can be rounded, such as remuneration of Directors, executive officers and auditors.

(f) Use of estimates and judgements

The preparation of the interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2019 apart from the items detailed below

New standards and interpretations

The Group has initially adopted AASB 16 Leases from 1 July 2019. There was no significant impact on the Group as a result of applying this accounting standard.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the half-year ended 31 December 2019. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

4. EMPLOYEE BENEFIT EXPENSE

In thousands of dollars

	31 Dec 2019	31 Dec 2018
Salaries and fees	133	147
Superannuation	14	20
	<u>147</u>	<u>167</u>

5. LOSS PER SHARE

	31 Dec 2019	31 Dec 2018
Basic loss per share (cents)	(0.03)	(0.39)
Diluted loss per share (cents)	(0.03)	(0.39)

The calculation of basic loss per share was based on the loss attributable to shareholders of loss \$602,000 (2018: loss \$8,271,000) and a weighted average number of ordinary shares outstanding during the half year of 212,188,439 (2018: 212,391,729).

The diluted loss per share for the half-year ended 31 December 2019 and 2018 were the same as the basic loss per share.

6. TRADE AND OTHER RECEIVABLES

In thousands of dollars

	31 Dec 2019	30 June 2019
Included in receivables are as follows:		
Current		
Other receivables	20	20
	<u>20</u>	<u>20</u>

7. PROPERTY, PLANT & EQUIPMENT

In thousands of dollars

	31 Dec 2019	30 June 2019
Plant and equipment		
At cost	181	181
Accumulated depreciation	(177)	(177)
	<u>4</u>	<u>4</u>

8. INVESTMENT

In thousands of dollars

	31 Dec 2019	30 June 2019
Investment in Norwest Energy NL		
Opening balance	106	159
Changes in fair value of investment	159	(53)
Closing balance	<u>265</u>	<u>106</u>

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

9. EXPLORATION AND EVALUATION EXPENDITURE

<i>In thousands of dollars</i>	31 Dec 2019	30 June 2019
Costs carried forward in respect of:		
Duchess Paradise ⁽ⁱ⁾	22,132	22,094
EP457 and EP458 ⁽ⁱⁱ⁾	4,244	4,134
EP104 ⁽ⁱⁱⁱ⁾	2,922	2,893
R1 ⁽ⁱⁱⁱ⁾	622	169
L15 ⁽ⁱⁱⁱ⁾	3,243	3,087
EP487 ^(iv)	3,587	3,535
Costs carried forward	36,750	35,912

- (i) Exploration and evaluation expenditure recognised in Duchess Paradise which is held solely by the Group. The project has three exploration licenses. E04/1386 expired on 20 January 2020, extension application has been submitted to Western Australia Government. E04/1519 will expire on 19 April 2020, extension application will be submitted at end of March 2020. E04/1770 will expire on 3 March 2021.
- (ii) Exploration and evaluation expenditure recognised on EP457 and EP458 tenements under joint venture agreement with Buru Energy Limited. This amount includes the Group's proportionate share of exploration assets held by the respective joint venture entities.
- (iii) Acquisition costs and the exploration and evaluation expenditure recognised on EP104, R1 and L15 (together the "Lennard Shelf Blocks") which are held solely by the Group.
- (iv) Exploration and evaluation expenditure recognised on EP487 which is held solely by the Group.

<i>In thousands of dollars</i>	31 Dec 2019	30 June 2019
At cost	36,750	35,912
	36,750	35,912
Movements in carrying amount:		
Opening balance	35,912	41,825
Expenditure capitalised	838	1,537
Impairment	-	(7,450)
	36,750	35,912

For further information on exploration expenditure refer to note 15 on commitments. The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or evaluation stage is dependent on successful development and commercial exploitation, or alternatively sale of the respective areas, or the securing and maintaining of rights to tenure.

10. TRADE AND OTHER PAYABLES

<i>In thousands of dollars</i>	31 Dec 2019	30 June 2019
Unsecured liabilities		
Sundry payables and accrued expenses	109	110
	109	110

11. EMPLOYEE BENEFITS

<i>In thousands of dollars</i>	31 Dec 2019	30 June 2019
Current:		
Employee benefits	18	16
	18	16

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

12. LOANS AND BORROWINGS

In thousands of dollars

31 Dec 2019

30 June 2019

Current:

Wanyan Liu ¹	3,090	699
ASF Group Ltd ²	2,007	1,835
	5,097	2,534

Non-current:

Wanyan Liu ¹	1,707	3,000
	1,707	3,000

1. An unsecured loan of \$500,000 was granted by Wanyan Liu ("Liu"), a substantial shareholder of the Company, with maturity date on 31 March 2021 and interest bearing 12% per annum ("First Liu Loan"). On 18 April 2019, the Company entered into another loan agreement with Liu for the granting of \$3 million additional loan ("Second Liu Loan"), with maturity date on 31 December 2020 and interest bearing at 12% per annum payable quarterly by cash. On 17 July 2019, the Company entered into a new loan agreement with Liu pursuant to which Liu agreed to grant a further loan facility of \$3 million ("Third Liu Loan") to the Company maturing 31 December 2021 and interest bearing 12% per annum.

The First Liu Loan and the Second Liu Loan were fully drawn down and an aggregate of \$1.02 million under the Third Liu Loan has been drawn down by the Company as at 31 December 2019.

2. An unsecured loan of \$3.8 million ("ASF Loan") was granted by ASF Group Ltd, a substantial shareholder of the Company, with maturity date on 31 December 2019 and interest bearing at 12% per annum. On 31 December 2019, the Company announced that it has agreed with ASF to reduce the facility amount from \$3.8 million to \$2 million and to extend the maturity date of the loan facility from 31 December 2019 to 31 March 2020. As at 31 December 2019, an aggregate of \$1.54 million of ASF Loan has been drawn down.

13. ISSUED CAPITAL

	6 months to 31 Dec 2019		12 months to 30 June 2019	
	\$'000	Number	\$'000	Number
Ordinary Shares				
At the beginning of the reporting date	86,597	212,188,439	86,663	212,405,266
Shares issued during the financial period:				
Share buy back ¹	-	-	(66)	(216,827)
On issue at the end of the period	86,597	212,188,439	86,597	212,188,439

1. For the year ended 30 June 2019, a total of 216,827 shares were bought back at a cost of \$66,000 and cancelled. No shares were bought back for the half-year ended 31 December 2019.

14. CONTINGENCIES

Parent Entity Guarantee in respect of the debt of subsidiaries

The Company provides loan or debt guarantee to its wholly owned subsidiary companies. As of 31 December 2019, no subsidiaries hold any debt or loan balances with third parties.

15. COMMITMENTS

At 31 December 2019, the total commitments for both mineral exploration tenements and the Group's share in petroleum exploration permits in which it has joint venture interests for the following five years are \$9,599,000 (30 June 2019: \$21,415,000). These obligations may be varied from time to time, subject to approval by the DMP.

<i>In thousands of dollars</i>	Mineral	Petroleum	Total
Year 1	169	681	850
Year 2-5	36	8,713	8,749
Total	205	9,394	9,599

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value measurement principles adopted in this report are consistent with those applied in the Group's Annual Financial Report for the year ended 30 June 2019.

The Group's financial instruments consist mainly of deposits with banks and accounts receivable, payable and share investment.

in thousands of dollars

31 Dec 2019

30 June 2019

Financial assets

Financial assets measured at fair value

Share investment ¹	265	106
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Financial assets not measured at fair value

Cash and cash equivalents	29	28
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Trade and other receivables	20	20
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Total	314	154
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Financial liabilities

Financial liabilities not measured at fair value

Trade and other payables	109	110
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Total	109	110
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1. In support of a strategic alliance, Rey subscribed for \$250,000 of Norwest Energy NL (ASX:NWE) shares at a price of \$0.004712 per share on 5 June 2015. Subsequent after the half-year ended, on 29 January 2020, the Company disposed of all its shareholding in NWE for \$0.005 per share for a total proceeds of \$265,280 (before costs).

17. OPERATING SEGMENTS

The Group operates in two segments, mineral exploration and development and petroleum exploration in one geographical location, Western Australia. The consolidated financial results from these segments are equivalent to the financial statements of the Group.

Operating segment information

	Mineral 6 months ended 31 Dec 2019 \$'000	Mineral 6 months ended 31 Dec 2018 \$'000	Petroleum 6 months ended 31 Dec 2019 \$'000	Petroleum 6 months ended 31 Dec 2018 \$'000	Corporate 6 months ended 31 Dec 2019 \$'000	Corporate 6 months ended 31 Dec 2018 \$'000	Total 6 months ended 31 Dec 2019 \$'000	Total 6 months ended 31 Dec 2018 \$'000
Consolidated								
Revenue								
Total Reportable segment revenue	-	-	-	-	-	-	-	-
Other income								
Impairment reversal of assets	-	-	-	-	159	-	159	-
Impairment of investment	-	-	-	-	-	(53)	-	(53)
Impairment of Exploration Assets	-	-	-	(7,450)	-	-	-	(7,450)
Interest revenue	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	(331)	(224)	(331)	(224)
Administration cost	-	-	-	-	(430)	(544)	(430)	(544)
Profit/(loss) before income tax benefit	-	-	-	(7,450)	(602)	(821)	(602)	(8,271)
income tax benefit	-	-	-	-	-	-	-	-
Loss after income tax benefit	-	-	-	(7,450)	(602)	(821)	(602)	(8,271)
Capital Expenditure	38	73	480	822	-	-	518	895

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

	Mineral As at 31 Dec 2019 \$'000	Mineral As at 31 Dec 2018 \$'000	Petroleum As at 31 Dec 2019 \$'000	Petroleum As at 31 Dec 2018 \$'000	Corporate As at 31 Dec 2019 \$'000	Corporate As at 31 Dec 2018 \$'000	Total As at 31 Dec 2019 \$'000	Total As at 31 Dec 2018 \$'000
Consolidated								
Assets								
Other Assets	-	-	-	-	325	150	325	150
Segment assets	22,132	22,014	14,618	13,256	-	-	36,750	35,270
Total assets	22,132	22,014	14,618	13,256	325	150	37,075	35,420
Liability								
Other liabilities	-	-	-	-	6,931	7,234	6,931	7,234
Segment liabilities	-	-	3,272	-	-	-	3,272	-
Total Liabilities	-	-	3,272	-	6,931	7,234	10,203	7,234

18. SUBSEQUENT EVENTS

On 29 January 2020, the Company disposed of all its shareholding of 53,056,027 shares in Norwest Energy NL (ASX:NWE) for \$0.005 per share for total proceeds of \$265,280 (before costs).

On 6 February 2020, the Company announced that it had received from Doriemus Plc (ASX:DOR) a notice of withdrawal which ceased the rights of Doriemus to earn an interest in L15 and brings the L15 Farmout Agreement to an end.

No other matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Rey Resources Limited ("the Company"):

1. the consolidated financial statements and notes, as set out on pages 5 to 15, are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of financial position of the Group as at 31 December 2019 and of its performance for the half-year period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Ms Min Yang
Chairman

12 March 2020
Sydney, NSW, Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF REY RESOURCES LIMITED

Report on the Interim Financial Statements

We have reviewed the accompanying interim financial statements of Rey Resources Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2019, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, the directors' declaration and notes to the interim financial statements comprising significant accounting policies and other explanatory information.

Director's Responsibility for the Interim Financial Statements

The directors of the Company are responsible for the preparation of the interim financial statements that give a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial statements are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rey Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial statements of the Group are not in accordance with the *Corporations Act 2001* including:

1. Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
2. Complying with AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the interim financial statements which indicates that the Group incurred a net loss of \$602,000 and had operating cash outflows of \$421,000 for the half-year ended 31 December 2019. The Group's current liabilities exceeded current assets by \$5,168,000 as at 31 December 2019. As stated in Note 2(b), these conditions, along with other matters as stated in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



ShineWing Australia
Chartered Accountants



Yang (Bessie) Zhang
Partner

Sydney, 12 March 2020