

# ASX ANNOUNCEMENT

2 JANUARY 2015

## **Update on acquisition of 50% interest in EP437, the Derby Block**

As announced on 28 November 2014, Rey Lennard Shelf Pty Ltd ("RLS") a subsidiary company of Rey Resources Limited "Rey" or "the Company" (ASX: REY) has entered into an agreement with Backreef Oil Pty Ltd ("Backreef") to acquire a 50% interest in petroleum exploration licence EP487, the "Derby Block", located in the Canning Basin of Western Australia (the "Agreement") subject to certain terms and conditions (refer Figure 1).

The Agreement is subject to certain conditions precedent, including termination or expiration of an existing agreement for Backreef to sell the Derby Block to Buru Energy Limited.

The Company has now been informed that the agreement between Backreef and Buru concerning the Derby Block expired on 31 December 2014.

Other conditions precedent that remain to be satisfied include:

- conclusion to the satisfaction of RLS of ongoing hearings in the State Administrative Tribunal ("SAT") of Western Australia where Oil Basins is currently seeking to have Backreef's grant of title in EP487 by the WA Government overturned. This is expected to conclude in January 2015; and
- FIRB approval.

RLS will also assume the conduct of, and bear the costs of, the SAT proceedings and outstanding legal claims on Backreef by Oil Basins in the WA District Court and Magistrates Court in connection with the expenses incurred on management of the Derby Block to date. RLS will have the ability to terminate the Agreement and be relieved from any obligation to conduct and bear the costs of these proceedings at any time on the giving of 14 days' notice to Backreef.

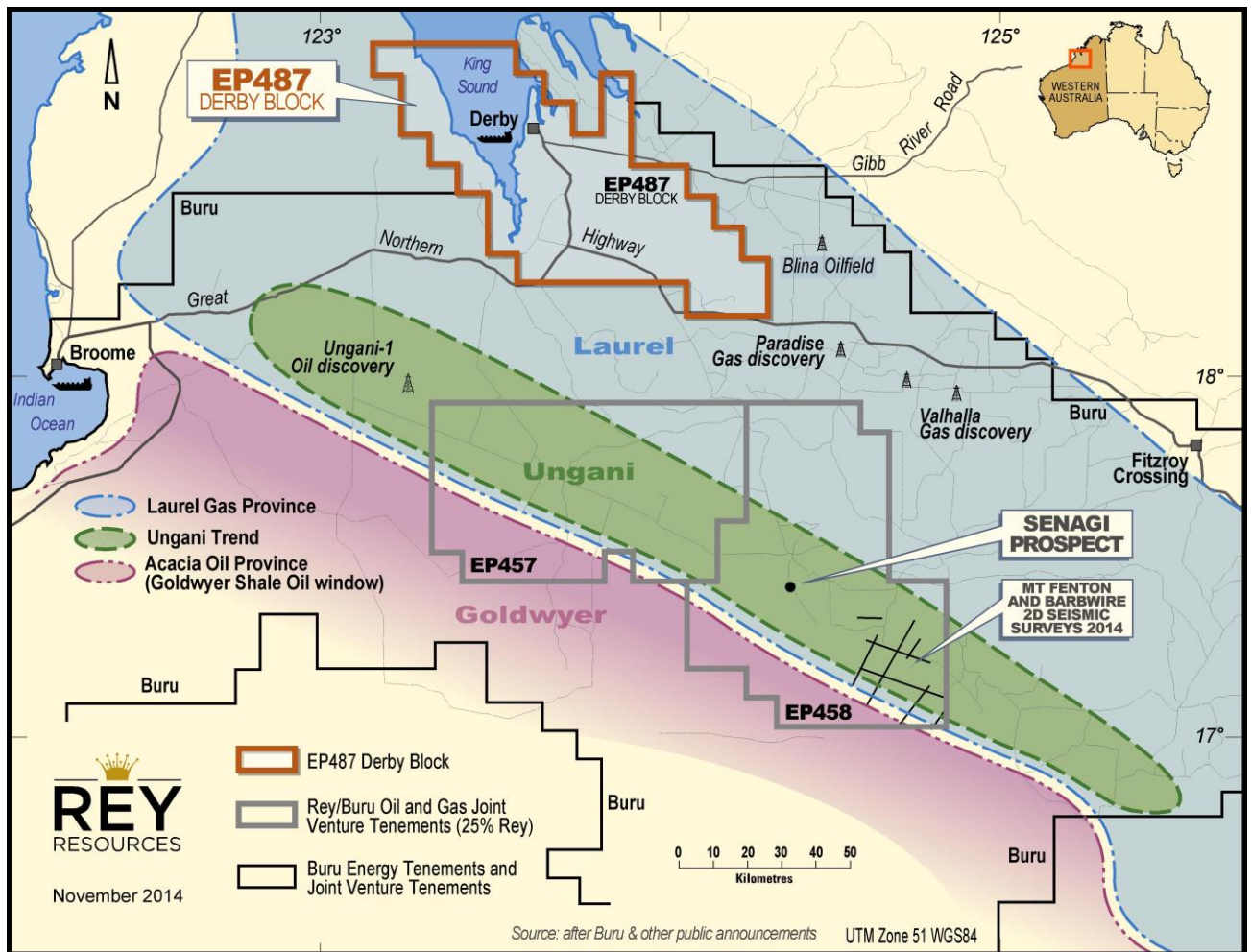


Figure 1. Location of the Derby Block and Rey's other oil and gas interests in the Canning Basin.

For further information please contact:

**Kevin Wilson**  
Managing Director +61 8 9211 1999