

30 April 2015

March 2015 Quarterly Report

HIGHLIGHTS

- Canning Basin- Fitzroy Blocks: Senagi and Victory Prospects to be drilled this year
- Canning Basin- Fitzroy Blocks: Wright Prospect identified and advanced to drillable status
- Canning Basin- Derby Block: 50% conditionally acquired
- Perth Basin- Dunnart 2: flow test permitted

For further information, contact:
Phone: +61 08 9211 1999
Email: info@reyresources.com
Web: www.reyresources.com



Rey Resources Limited (ASX: REY) ("Rey" or "the Company") is focused on developing its oil, gas and coal 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 highly prospective Canning Basin in the northwest of Western Australia (refer Figure 1 below). Ownership of the Fitzroy Blocks is: Rey (25% including 8.3% free carried to production); Buru Energy Limited ("Buru") (37.5% and operator); and Diamond Resources (Fitzroy) Ltd (37.5%).

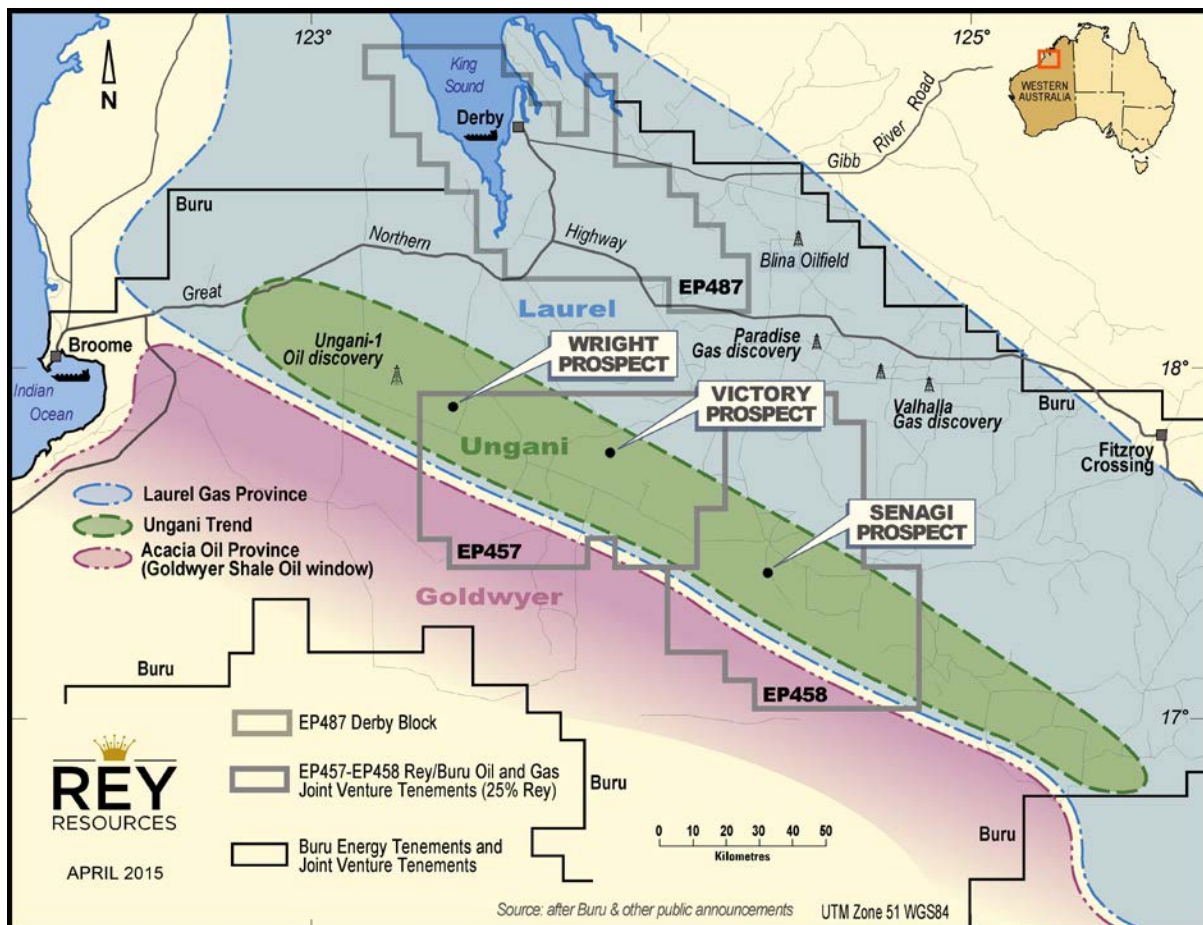


Figure 1: The three major prospective trends in EP457 and EP458 and location of the Derby Block (EP487).

During the March quarter, the Fitzroy Blocks Joint Venture advanced the planning for drilling of the Senagi-1 well in EP458 (refer Figure 1). This is a shallow (~800 metre) structural target which is up-dip from a mineral borehole (Camelgooda-1) that encountered a well-developed Ungani Dolomite reservoir equivalent, with significant oil shows. The drilling of the Senagi prospect is anticipated in Q3 2015 using rig DDH1, satisfying the well commitment on EP458.

A total of 112.5 line-km of 2D seismic data was acquired at Mt Fenton and elsewhere in EP458 on the Barbwire Terrace during August 2014. This data continued to be processed by the operator during the quarter.

An additional 100km of 2D seismic acquisition is planned in EP457 for Q3 2015 over prospects Wright and Victory, in addition to optimising the well location for a large conventional gas prospect, Rafael, which is being considered for drilling in 2016.

There is also a well commitment on EP457 in 2015 and it is anticipated that the Joint Venture will drill the Victory prospect (refer Figure 1) in Q3 2015, subject to receiving the relevant approvals. The Victory prospect is a large regional high (mapped closure of 30km²) on a depositional centre margin in a similar structural setting to Ungani. It is considered to have potential for oil in both Laurel carbonate and Anderson/ Laurel clastic reservoirs and gas in the clastic reservoirs. The target depth is 1,750- 2,400m.

The Joint Venture also worked up the Wright prospect to drillable status during the quarter to target oil in the lower Laurel Formation, presumed Ungani style dolomite at a target depth of 1,300 – 1,800m. The timing of drilling the Wright prospect is under consideration by the Joint Venture.

1.2 Derby Block (EP487)

As announced on 28 November 2014, the Company's wholly owned subsidiary Rey Lennard Shelf Pty Ltd ("RLS") 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.

The Derby Block is a large exploration permit of approximately 5,000 km² that was granted to Backreef (50%) and Oil Basins Ltd (ASX: OBL) (50%) in 2014. It occurs to the north of Rey's existing interests in petroleum exploration licences in the Canning Basin (refer Figure 1).

Under the Agreement, RLS will acquire Backreef's 50% interest in the Derby Blocks for either (at RLS's election):

- \$2 million, to be paid on grant of a Production Licence in respect of EP487; or
- a 2% royalty on future production.

The Agreement is subject to certain conditions precedent, including:

- conclusion to the satisfaction of RLS of ongoing hearings in the State Administrative Tribunal ("SAT") of Western Australia where Oil Basins sought to have Backreef's grant of title in EP487 by the WA Government overturned. On 18 March 2015, Oil Basins' application was dismissed by the SAT;
- termination or expiration of an existing agreement to sell the Derby Block to Buru Energy Limited. As announced on 2 January 2015, this condition was met by the expiry of Backreef's agreement with Buru; and
- FIRB approval, which was also granted during the quarter.

Backreef and Oil Basins are currently in dispute over certain unpaid cash calls that have occurred since 2012. A claim by Oil Basins against Backreef in the WA Magistrates Court was discontinued by notice lodged by Oil Basins' lawyers on 31 March 2015 after a settlement of the matter was agreed. A matter in the WA District Court in connection with the expenses incurred on management of the Derby Block to date remains ongoing. The Agreement is also subject to resolution of the dispute between Backreef and Oil Basins to the satisfaction of Rey.

Discussions continue with Backreef and Oil Basins to resolve all outstanding issues.

1.3 Perth Basin (EP437)

The Company earned a 43.47% interest in EP437 in 2014 by contributing 86.94% of the costs of the Dunnart-2 well, which was drilled in 2014 under the management of Key Petroleum Limited as Operator of the permit. The beneficial interests in EP437 are:

<i>Key Petroleum Limited (Key Petroleum (Australia) Pty Ltd) (Operator)</i>	43.47%
<i>Rey (Rey Oil and Gas Perth Pty Ltd)</i>	43.47%
<i>Caracal Exploration Pty Limited</i>	13.06%

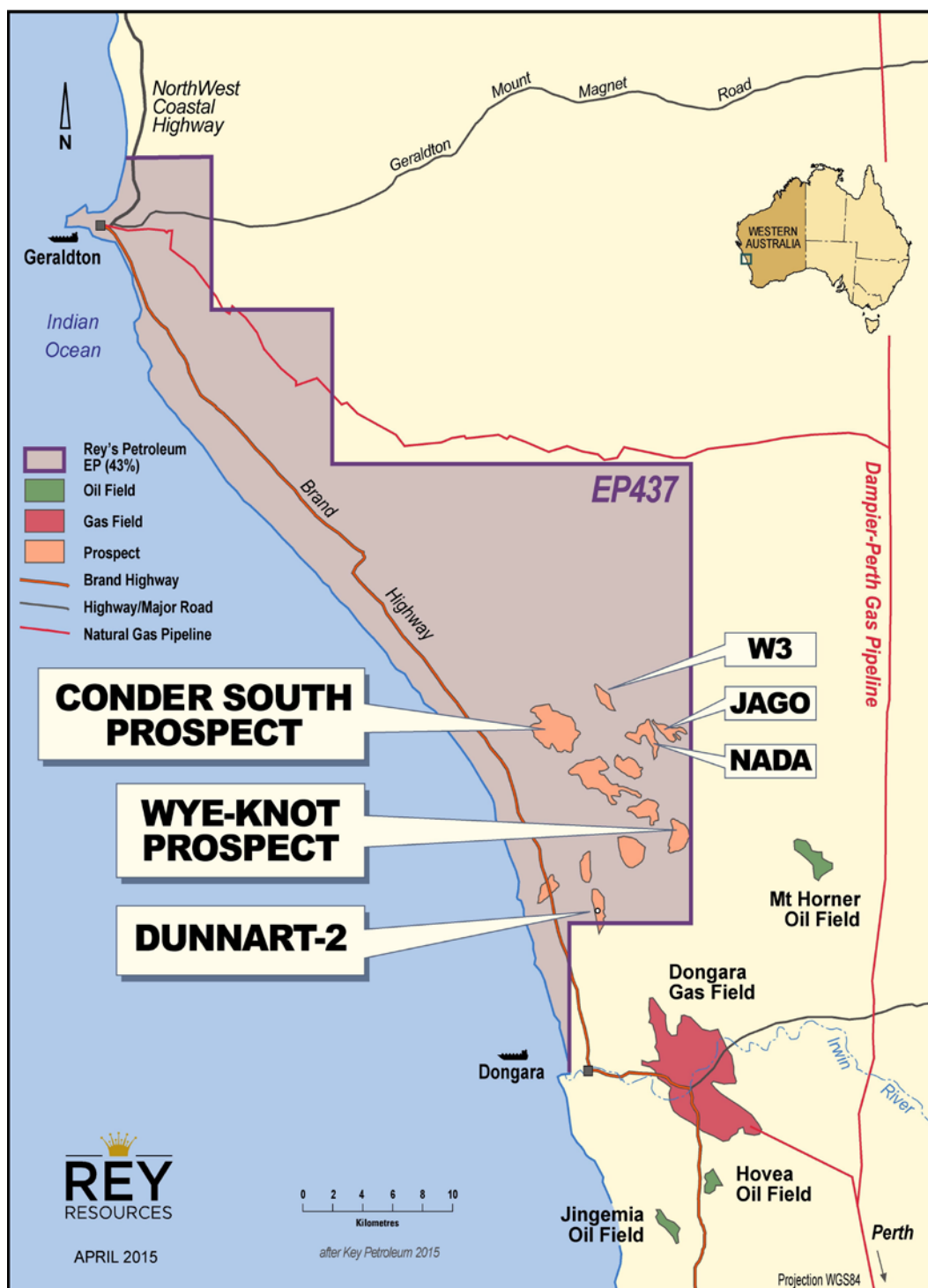


Figure 2. Location of EP437 prospects, North Perth Basin.

Dunnart-2 flow test

During the quarter, the EP437 Joint Venture committed to flow testing the Dunnart-2 well to establish if oil encountered in the Bookara sandstone during drilling of the well in August 2014 is mobile.

The Operator executed contracts with key contractors to provide equipment and services to conduct the test. At the date of this report, all approvals have been received and the test is planned to occur in Q2 2015.

EP437 Exploration

As announced on 30 January 2015, the Joint Venture has identified at least ten prospects and leads. These include shallow Bookara leads of W3, Jago and Nada leads (refer Figure 2) in addition to the two prospects identified previously at Conder South and Wye Knot.

A Permian section of the Wye area has been mapped and a High Cliff sandstone sequence interpreted in the Wye Knot structure. This is considered encouraging following a recent discovery of gas by AWE Limited in the Permian Kingia Formation approximately 40km to the southeast of Dunnart in the Perth Basin.

The JV is reviewing historic geochemical and well data with structural mapping to develop an exploration programme on EP437.

2. Coal

Rey's coal tenements are located in the Canning Basin and are partly contiguous with the Fitzroy Blocks.

2.1 Duchess Paradise Coal Project

During the quarter Rey continued to liaise with the Environmental Protection Authority ("EPA") concerning the Project's Public Environmental Review ("PER"). On 1 April 2015, the EPA confirmed that it will place the environmental assessment on hold. Rey is required to provide at least 6 weeks' notice to enable the EPA to schedule resumption of the assessment.

Subsequent to the end of the quarter, Rey relinquished its lease at the Derby Export Facility. Future export of coal is expected to be via negotiation of access to a multi-user bulk commodity export facility.

2.2 Coal exploration

No field work was undertaken during the quarter. Rey has continued to refine its exploration tenement holding by surrendering areas with lower coal prospectivity, constrained access or deeper coal.

3. Corporate

On 27 January 2015, the Company completed a placement via the issue of a total of 50 million ordinary shares at an issue price of \$0.08 per share to two Hong Kong registered sophisticated investors to raise \$4 million before costs. The Company's cash balance as at 31 March 2015 was \$3.8 million.

As part of an ongoing capital management strategy, on 17 December 2013 the Company announced an on market buyback for up to 10% of its issued capital over a period of 12 months. On 3 December 2014, the Company announced that the buyback scheme was extended for up to a further twelve months to 17 December 2015.

905,385 shares were acquired and cancelled over the quarter at an average price of 10.7cps, for a total consideration of \$96,715. A total of 2,357,536 shares have been acquired and cancelled since the scheme was initiated.

No shares have been acquired subsequent to the quarter end. The timing and quantity of further shares purchased will depend on market conditions and other future events.

Competent Persons Statement

Petroleum Exploration

The technical information quoted has been compiled and/or assessed by Mr. Keith Martens who is a self-employed consulting professional geologist, and a continuous Member of the Petroleum Exploration Society of Australia since 1999. Mr. Martens has a BSc degree in geology/geophysics and has over 35 years' experience in the petroleum industry. Mr. Martens has consented to the inclusion in this report of the matters based on the information in the form and context in which they appear.

Corporate Directory

Board of Directors

Min Yang	Non-executive Chairman
Kevin Wilson	Managing Director
Geoff Baker	Non-executive Director
Dachun Zhang	Non-executive Director
Jin Wei	Non-executive Director

Company Secretary

Shannon Coates

Capital Structure

Rey Resources is listed on the Australian Securities Exchange (ASX: REY) and has 712.4 million ordinary shares on issue and 5.9 million performance rights as at 31 March 2015.

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000 Australia
Tel: +61 2 9290 9600
Fax: +61 2 9279 0664

Registered Office

Rey Resources Limited
1121 Hay Street
West Perth WA 6005 Australia
Mailing address: PO Box 1809, Hay Street, West Perth, 6872
Tel: +61 8 9211 1999
Fax: +61 8 9485 1094
www.reyresources.com

Tenement Tenure Status (as at 31 March 2015)

Tenure ID ²	Tenure Type	Holder (Rey subsidiary company)	Ownership% begin quarter	Ownership% end quarter
	Mineral Licences			
E04/1219	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/1386	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1515 ¹	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/1516 ¹	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1517 ¹	Exploration Licence	Camballin Energy Pty Ltd	100	100
E04/1518 ¹	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1519	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1520 ¹	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1521 ¹	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1522 ¹	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1523 ¹	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1524 ¹	Exploration Licence	Rey Mt Fenton Pty Ltd	100	100
E04/1525 ¹	Exploration Licence	Rey Mt Fenton Pty Ltd	100	100
E04/1529 ¹	Exploration Licence	Rey Victory Pty Ltd	100	100
E04/1768	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/1770	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1785	Exploration Licence	Rey Mt Fenton Pty Ltd	100	0
E04/1833	Exploration Licence	Rey Freney Pty Ltd	100	100
E04/2380	Exploration Licence Application	Blackfin Pty Ltd	100	100
E04/2397	Exploration Licence Application	Rey Victory Pty Ltd	0	100
L04/0058	Miscellaneous Licence Application	Blackfin Pty Ltd	100	100
M04/0453	Mining Lease Application	Blackfin Pty Ltd	100	100
R04/2	Retention Licence Application	Camballin Energy Pty Ltd	100	100
R04/3	Retention Licence Application	Blackfin Pty Ltd	100	100
	Petroleum Permits			
EP457	Exploration Permit	Rey Oil and Gas Pty Ltd	25	25
EP458	Exploration Permit	Rey Oil and Gas Pty Ltd	25	25
EP437	Exploration Permit	Rey Oil and Gas Perth Pty Ltd	43.47	43.47

¹ EL subject to Mineralogy application. Rey received applications for forfeiture and objections to applications for exemption from expenditure from Mineralogy Pty Ltd ("Mineralogy") in October 2009 affecting 11 mineral exploration licences (the "ELs"). Subsequent to the end of the quarter, Rey and Mineralogy agreed to discontinue all legal activity concerning the ELs.

² All tenements are located in Western Australia.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

REY RESOURCES LIMITED

ABN

84 108 003 890

Quarter ended ("current quarter")

31 Mar 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(349)	(2,981)
	(b) development	(100)	(489)
	(c) production	-	-
	(d) administration	(363)	(1340)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	17	38
1.5	Interest and other costs of finance paid	-	-
Net Operating Cash Flows		(795)	(4,772)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	(50)
	(c) other fixed assets	-	(7)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	11	14
1.10	Loans from other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Bonds received	-	-
	- Bonds paid	-	-
Net investing cash flows		11	(43)
1.13	Total operating and investing cash flows (carried forward)	(784)	(4,815)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(784)	(4,815)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares net of costs	4,000	6,000
1.15	Share buy- back cost	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(384)	(420)
	Net financing cash flows	3,616	5,580
	Net increase (decrease) in cash held	2,832	765
1.20	Cash at beginning of quarter/year to date	933	3,000
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,765	3,765

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	168
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.19) includes \$275K share placement fee and share buy back costs

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	800
4.2 Development	100
4.3 Production	-
4.4 Administration	350
Total	1,250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,765	933
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,765	933

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E04/1785	Relinquished	100%	0%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in petroleum
tenements acquired or
increased

--	--	--	--

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	712,451,134	712,451,134		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through buy-backs	50,000,000 (905,385)	50,000,000 (905,385)		0 cents 10.68cents
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>				
7.8 Issued during quarter				
7.9 Exercised during quarter	-			
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.11	Cancelled during quarter	-			
7.12	Performance Rights (description)	1,500,000 985,294 2 426,667 1,000,000 <u>5,911,961</u>			<i>Expiry date</i> 30.06.2015 30.06.2015 30.06.2016 30.06.2017
7.13	Issued during quarter				
7.14	Exercised during quarter				
7.15	Expired during quarter				
7.16	Cancelled during quarter				
7.17	Debentures (totals only)	N/A	N/A		
7.18	Unsecured notes (totals only)	N/A	N/A		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30 April 2015

(Company secretary)

Print name: Shannon Coates

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==