

ASX ANNOUNCEMENT

26 FEBRUARY 2016

Cleansing Notice

Notice under Section 708AA(2)(f) of the Corporations Act

This Notice is given by Rey Resources Limited ACN 108 003 890 (ASX: REY) (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (Act), as modified by Australian Securities and Investments Commission Class Order 08/35 (**CO 08/35**).

On the date of this notice, the Company announced a non-renounceable pro-rata rights issue (**Rights Issue**) of one (1) fully paid ordinary share (**New Share**) for every three (3) fully paid ordinary shares held at the record date to eligible shareholders (**Eligible Shareholders**).

Pursuant to the Rights Issue, the Company may issue up to 248,095,469 New Shares at an issue price of \$0.015 each, to raise up to \$3,721,432 (before the costs of the Offer).

The Company states that:

1. it will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the Act, as notionally modified by CO 08/35;
2. it is providing this notice under section 708AA(2)(f) of the Act, as modified by CO 08/35;
3. as at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (b) section 674 of the Act.
4. as at the date of this notice, there is no information:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares.

Set out below is information on the potential effect that the Rights Issue may have on the control of the Company:

1. if all Eligible Shareholders take up their entitlement under the Rights Issue, the Rights Issue will have no effect on the control of the Company;
2. the proportional shareholdings of shareholders who are not residents in Australia, New Zealand, the People's Republic of China and Hong Kong may be diluted as those shareholders are not entitled to participate in the Rights Issue; and
3. if an Eligible Shareholder does not take up their entitlement in full it may have the effect of diluting that shareholder's proportionate shareholding.

In the event of a shortfall, Eligible Shareholders may subscribe for shortfall shares and the Directors reserve the right to allocate the shortfall at their sole discretion. Acceptance of entitlements or the placement of any shortfall may also result in existing shareholders significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the Corporations Act, which restrict a person from having a relevant interest in voting shares in the Company where they would have voting power in the Company of 20% or more, subject to a number of exemptions, and ASX Listing Rules, which restrict allocation of shortfall shares to a related party of the Company.

Further Information

- 1 On completion of the Rights Issue, and assuming it is fully subscribed, the issued capital of the Company will comprise approximately 992,381,876 shares.
- 2 The New Shares will rank equally in all respects with the Company's existing shares. If an Eligible Shareholder's entitlement results in a fraction of a New Share, the entitlement will be rounded down to the nearest whole number.
- 3 The Company will use the proceeds raised under the Rights Issue to:
 - (a) fund future investment opportunities;
 - (b) repay shareholder loans; and
 - (c) for general working capital.
- 4 Trading in the New Shares is expected to commence on 8 April 2015.
- 5 An Appendix 3B applying for quotation of the New Shares will be released to the ASX separately to this letter.

Directors' Recommendation

The Directors of the Company encourage all Eligible Shareholders to participate in the Rights Issue.

Kevin Wilson

Managing Director +61 2 8269 9620