



ABN 84 108 003 890

NOTICE OF ANNUAL GENERAL MEETING

Date: 25 November 2016
Time: 9.30 am (Sydney time)
Place: 3B Macquarie Street
East Circular Quay
SYDNEY NSW 2000

The following documents relate to the Annual General Meeting of Shareholders:

- Notice of how to access a copy of the Company's electronic Annual Report for the year ended 30 June 2016;
- Notice of Meeting for the Annual General Meeting, including the Explanatory Memorandum; and
- Proxy Form and return envelope.

If you are attending the Annual General Meeting in Sydney and have not lodged a Proxy Form, please bring the Proxy Form with you to assist with registration.

If you are not attending the Annual General Meeting in Sydney, you can lodge a completed Proxy Form by returning it in the enclosed envelope or alternatively by facsimile. Alternatively, you may submit your proxy instructions electronically by visiting www.votingonline.com.au/reyresourcesagm2016

Please be aware that the Proxy Form needs to be received by the Rey Resources' Share Registrar by no later than 9.30 am (Sydney time) on 23 November 2016. Further details on lodging your Proxy Form can be found on the reverse side of the Proxy Form.

NOTICE OF HOW TO ACCESS A COPY OF THE COMPANY'S ELECTRONIC ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

Rey Resources has adopted regulations that enable the Company to make copies of the Annual Report available electronically, unless a shareholder elects to continue to receive a hard copy.

In accordance with the Corporations Act, the Company advises that a copy of its Annual Report for the year ended 30 June 2016 is available on the Rey Resources website, www.reyresources.com. When you access the Company's Annual Report on-line, you can view it and print a copy of the Annual Report.

Please note that if you have elected to continue to receive a hard copy of the Company's Annual Report, it will be mailed to you no later than 28 days before the Annual General Meeting.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Report and now (or sometime in the future) wish to receive a hard copy of the Company's Annual Report, then please contact the Company's Share Registrar on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

The Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of Rey Resources Limited (**Rey Resources** or the **Company**) will be held at 3B Macquarie Street, East Circular Quay, Sydney, New South Wales, on Friday 25 November 2016 at 9.30 am (Sydney time).

Terms used in this Notice and Explanatory Memorandum are defined in the glossary to this document.

The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the Annual General Meeting.

AGENDA

Annual Financial Statements

To receive and consider the Financial Statements, the Directors' Report and the Audit Report (**Annual Financial Statements**) of Rey Resources for the financial year ended 30 June 2016.

Ordinary business

1. Adoption of the Remuneration Report (non-binding resolution)

To consider and, if thought fit, to pass the following as an advisory resolution:

"That the Remuneration Report (which is contained in the Rey Resources 2016 Annual Report) for the financial year ended 30 June 2016 be adopted."

2. Election of Director – Dr Zhiliang Ou

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That Dr Zhiliang Ou, having been appointed as an additional Director of the Company on 22 September 2016, who ceases to hold office in accordance with Clause 11.3(a) of the Company's Constitution and, being eligible, offers himself for election, be elected as a Director of the Company."

3. Re-Election of Director – Mr Dachun Zhang

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That Mr Dachun Zhang, who ceases to hold office in accordance with ASX Listing Rule 14.4 and Clause 11.7(a) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Special business

4. Ratification of issue of 33,333,333 Shares

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the allotment and issue of 33,333,333 Shares to the parties and on the terms and conditions set out in the Explanatory Memorandum."

5. Ratification of issue of 66,666,666 Shares

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the allotment and issue of 66,666,666 Shares to the parties and on the terms and conditions set out in the Explanatory Memorandum."

6. Consolidation

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purpose of Section 254H(1) of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that every five (5) Shares be consolidated into one (1) Share and where this consolidation results in a fraction of a security being held by a security holder, the Directors be authorised to round that fraction up to the nearest whole security, with such consolidation to take effect in accordance with the timetable and otherwise on the terms and conditions set out in the Explanatory Memorandum."

7. Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass the following as a special resolution:

"That, for the purpose of ASX Listing Rule 7.1A and all other purposes, approval be given for the allotment and issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula set out in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

NOTES

Important notice in relation to proxies

Shareholders should have regard to the important information below if they intend to appoint a proxy.

Resolution 1 relates directly or indirectly to the remuneration of Key Management Personnel. Accordingly:

- If the Chairman is to act as your proxy in relation to Resolution 1 (whether by appointment or by default) and you have not given directions on how to vote by marking the appropriate box in the Voting Directions section of the Proxy Form, the proxy form expressly directs and authorises the Chairman to cast your vote “for” Resolution 1. This express authorisation is included because without it the Chairman would be precluded from casting your votes, as this resolution is concerned with the remuneration of Key Management Personnel.
- If you appoint a member of Key Management Personnel of the Company details of whose remuneration are included in the Remuneration Report (other than the Chairman) or their Closely Related Parties as your proxy, you must direct them how to vote on Resolution 1. If you do not do so, your vote will not be counted.

Voting prohibition statement for Resolution 1 (Adoption of the Remuneration Report (advisory resolution))

In accordance with the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of Key Management Personnel (details of whose remuneration are including in the Remuneration Report) or their Closely Related Parties.

However, such a vote may be cast as proxy for a person who is entitled to vote, where:

- (a) the Proxy Form specifies how the proxy is to vote on Resolution 1; or
- (b) the proxy is the Chairman of the Meeting, who may vote on Resolution 1 in accordance with an express authorisation on the Proxy Form (which authorises the Chairman to vote in favor of Resolution 1).

Voting exclusion statement for Resolution 4 (Ratification of issue of 33,333,333 Shares)

In accordance with the ASX Listing Rules the Company will disregard any votes cast on Resolution 4 by or on behalf of (including by proxy) parties who participated in the issue of the Shares the subject of the Resolution 4, and any of their associates.

However, the Company need not disregard a vote if the vote is cast as proxy for a person who is entitled to vote:

- (a) in accordance with the directions on the Proxy Form; or
- (b) by the Chairman of the Meeting in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 4.

Voting exclusion statement for Resolution 5 (Ratification of issue of 66,666,666 Shares)

In accordance with the ASX Listing Rules the Company will disregard any votes cast on Resolution 5 by or on behalf of (including by proxy) parties who participated in the issue of the Shares the subject of the Resolution 5, and any of their associates.

However, the Company need not disregard a vote if the vote is cast as proxy for a person who is entitled to vote:

- (a) in accordance with the directions on the Proxy Form; or
- (b) by the Chairman of the Meeting in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 5.

Voting exclusion statement for Resolution 7 (Approval of Additional 10% Placement Capacity)

In accordance with the ASX Listing Rules the Company will disregard any votes cast on Resolution 7 by or on behalf of (including by proxy) any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if Resolution 7 is passed, and any associate of those persons.

However, the Company need not disregard a vote if the vote is cast as proxy for a person who is entitled to vote:

- (a) in accordance with the directions on the Proxy Form; or
- (b) the Chairman of the Meeting in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 7.

Voting Entitlements

The Directors have determined that, for the purpose of voting at the Meeting, Shareholders eligible to vote at the Meeting are those persons who are the registered holders (**Registered Shareholders**) of Shares at 7.00pm (Sydney time) on 23 November 2016 (**Voting Record Date**).

How to Vote

You may vote by attending the Meeting in person, by proxy, or by an authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the Meeting, if possible, so that the Company may check their shareholdings against the Company's share register and note attendances.

Voting by Proxy

To vote by proxy, the Proxy Form (together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the proxy is signed) must be received at the Company's Share Registrar by no later than 9.30 am (Sydney time) on 23 November 2016 (Proxy Forms received after that time will be invalid). Proxy Forms must be received before that time via any of the following methods:

By Post:	Boardroom Pty Limited GPO Box 3993 Sydney, NSW 2001
In person:	Boardroom Pty Limited Level 12, 225 George Street Sydney, NSW 2000
By Facsimile:	+61 2 9290 9655
Online at:	www.votingonline.com.au/reyresourcesagm2016

A Shareholder has the right to appoint a proxy, who need not be a Shareholder of the Company. A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. If the appointment does not specify the proportion or the number of votes each proxy may exercise, each proxy may exercise half the votes.

Proxies are reminded that they must cast all directed proxies as directed. Any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If you are a Beneficial Shareholder and have received these materials through your broker or through another intermediary, please complete and return the Proxy Form in accordance with the instructions provided to you by your broker or other intermediary.

How the Chairman of the Meeting will vote undirected proxies

The Chairman intends to vote all available undirected proxies in favour of each Resolution. Shareholders should refer to the information above in relation to the voting restrictions that may affect their proxy appointments for Resolution 1.

Corporate Representatives

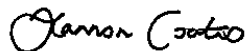
A corporate Shareholder may elect to appoint an individual to act as its representative at the Meeting in accordance with Section 250D of the Corporations Act. An appointment of a corporate representative must be in writing, be signed by the corporate Shareholder and must include the representative's name or the name of the office held by representative. The instrument of appointment must be lodged, by post or by facsimile, with the Company and/or the Company's Share Registrar, Boardroom Pty Limited, by no later than the start of the Meeting.

Appointment of corporate representative documents are available on request by contacting Boardroom Pty Limited on telephone number 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

Enquiries

Shareholders are invited to contact the Company's Share Register, Boardroom Pty Limited on telephone number 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) if they have any queries in respect of the matters set out in these documents.

By order of the Board

A handwritten signature in black ink, appearing to read 'Shannon Coates'.

Shannon Coates
Company Secretary
26 October 2016

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is an important document and should be read carefully. If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice of Annual General Meeting, please contact the Company Secretary of Rey Resources, your stockbroker or other professional adviser.

General Information

This Explanatory Memorandum has been prepared for the Shareholders of the Company in connection with the Annual General Meeting of the Company to be held on Friday 25 November 2016.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the resolutions detailed in the Notice.

Annual Financial Statements

The Corporations Act requires the Annual Financial Statements to be received and considered at the Meeting. The Annual Financial Statements for the year ended 30 June 2016 are included in the Company's 2016 Annual Report, a copy of which can be accessed on-line at www.reyresources.com or on ASX at www.asx.com.au. Alternatively, a hard copy will be made available on request.

No vote will be taken on the Annual Financial Statements. However, Shareholders attending the Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Annual Financial Statements and reports.

The Company's auditor, KPMG, will be present at the Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies, and the independence of the auditor.

The auditor will also respond to any written questions provided these are submitted to the Company no later than five business days prior to the Meeting.

Resolution 1 - Adoption of the Remuneration Report

The Annual Report for the year ended 30 June 2016 contains the Remuneration Report which:

- sets out the remuneration policy for Rey Resources' Directors and senior executives;
- discusses the relationship between the remuneration policy and the Company's performance; and
- details the remuneration arrangements for each Director and senior executive named in the Remuneration Report for the financial year ended 30 June 2016.

The Remuneration Report is contained within the Director's Report in the Company's 2016 Annual Report and in the Annual Report section of the website at www.reyresources.com. The Chairman of the Meeting will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the Meeting.

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. However under the Corporations Act, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a **spill resolution**) on whether the Board should be put up for re-election. If the spill resolution is passed, another meeting must be held within 90 days at which all of the Company's Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must go up for re-election.

The Remuneration Report for the financial year ended 30 June 2015 did not receive a vote of more than 25% against its adoption at the Company's last annual general meeting held in November 2015. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report, it will not result in the Company putting a spill resolution to Shareholders. However, a spill resolution would be required if the Remuneration Report at the Company's 2017 annual general meeting also received a vote of more than 25% against its adoption.

Shareholders should refer to the information above in the Notice of Meeting in relation to the voting restrictions that may affect their proxy appointments for Resolution 1.

Resolution 2 –Election of Director – Dr Zhiliang Ou

Background

Clause 11.2(b) of the Constitution provides that the Directors may by resolution appoint a natural person as a Director, either as an additional appointment or to fill a casual vacancy. Clause 11.3(a) of the Constitution provides that if a person is appointed as a Director by the Directors, the Company must confirm the appointment at the next annual general meeting. If the appointment is not confirmed, the person ceases to be a Director at the conclusion of the annual general meeting.

Dr Ou was appointed to the Board on 22 September 2016 to act as Non-Executive Director. In accordance with clause 11.3(a) of the Constitution, Mr Ou now seeks election as a Director at this Annual General Meeting.

Term of Office

Non-Executive Director since 22 September 2016

Independent

Yes

Experience and Qualifications

Dr Ou has over 27 years of professional engineering and management experience in the oil and gas, mining and infrastructure industries both in Australia and China. He currently serves as an executive director of Hao Tian Development Group Limited, a company listed on the main board of the Hong Kong Stock Exchange.

Previously, Dr Ou has been a senior staff member in some of the world's leading energy and resource firms including Kellogg Brown & Root (formerly known as KBR Halliburton), Worley Parsons Ltd, as well as Sedgman Ltd, which is specialised in coal processing and handling plants. He has participated in a number of key energy and resource projects around the world such as acting as the Lead Civil and Structural Engineer for BHP Billiton RGP6 Jimblebar project; Rio Tinto iron ore Dove Siding expansion project; Chevron Wheatstone Domgas LNG Pipeline project; Yemen LNG Project (in the Republic of Yemen) and Western Australia Dampier to Bunbury Natural Gas Pipeline (Stage 5B) project and has extensive experience and networks in China.

Dr Ou holds a Doctor of Philosophy degree in Civil & Resource Engineering from the University of Western Australia. He also holds two Bachelor of Engineering degrees in Structural Engineering & Engineering Management respectively.

Directors' Recommendation

The Board (other than Dr Ou) recommends Shareholders vote in favour of Resolution 2.

Resolution 3 – Re-Election of Director – Mr Dachun Zhang

Background

Mr Dachun Zhang retires by rotation in accordance with ASX Listing Rules 14.4 and 14.5, and Clause 11.7 of the Company's Constitution and, being eligible, offers himself for re-election as a Director of the Company.

Mr Zhang was appointed to the Board on 1 July 2013 to act as Non-Executive Director. In accordance with clause 11.7 of the Constitution, Mr Zhang now seeks election as a Director at this Annual General Meeting.

Term of Office

Non-Executive Director since 1 July 2013

Independent

Yes

Experience and qualifications

Mr Zhang holds a Bachelor's Degree from Poznan University and an MBA from the University of Wales in the United Kingdom and was conferred the qualification of Senior Economist in Shipping Management by the Ministry of Communications of China.

Mr Zhang was most recently Executive Director and President of China Merchants Group, as well as the Chairman of Merchants International Co. Ltd, a listed Hong Kong company. Previously his career was with COSCO (a Chinese company and one of the world's largest shipping groups) where he held the positions of Executive Vice-Chairman and President of COSCO (Hong Kong) Group Ltd, as well as Vice-Chairman of two Hong Kong listed companies: COSCO Pacific Co. Ltd and COSCO International Holdings Co. Ltd. Mr Zhang, a resident of Victoria, Australia brings extensive international experience and Chinese business relationships to the Board of Rey Resources.

Directors' Recommendation

The Board (other than Mr Zhang) recommends Shareholders vote in favour of Resolution 3.

Resolution 4 – Ratification of issue of 33,333,333 Shares

Background

On 12 February 2016, the Company issued 33,333,333 fully paid ordinary shares to a sophisticated investor, at an issue price of \$0.03 per share, to raise \$1,000,000 (**Placement**).

The Placement was completed pursuant to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, without prior shareholder approval, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue of the Placement, the Company will retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the allotment and issue of Shares pursuant to the Placement.

Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the abovementioned issue:

- (a) 33,333,333 Shares were allotted and issued pursuant to ASX Listing Rule 7.1;
- (b) The 33,333,333 Shares were issued for an issue price of \$0.03 each;
- (c) The Shares issued pursuant to the Placement were all fully paid ordinary shares in the capital of the Company and issued on the same terms and conditions as existing Shares;
- (d) The Shares issued pursuant to the Placement were allotted and issued to a sophisticated investor, who is not a related party of the Company; and
- (e) \$1 million (before costs) was raised from the Placement, which was applied towards repayment of debt and general working capital.

A voting exclusion statement in respect of Resolution 4 is set out in the Notice.

Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 4.

Resolution 5 – Ratification of issue of 66,666,666 Shares

Background

On 17 October 2016, the Company issued 66,666,666 fully paid ordinary shares to professional and sophisticated investors, at an issue price of \$0.015 per share, to raise \$1,000,000 (**Placement**).

The Placement was completed pursuant to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in the Explanatory Memorandum for Resolution 4 on page 12.

By ratifying the issue of the Placement, the Company will retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the allotment and issue of Shares pursuant to the Placement.

Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the abovementioned issue:

- (a) 66,666,666 Shares were allotted and issued pursuant to ASX Listing Rule 7.1;
- (b) The 66,666,666 Shares were issued for an issue price of \$0.015 each;
- (c) The Shares issued pursuant to the Placement were all fully paid ordinary shares in the capital of the Company and issued on the same terms and conditions as existing Shares;
- (d) The Shares issued pursuant to the Placement were allotted and issued to Neway Energy International Limited, a sophisticated investor, who is not a related party of the Company; and
- (e) \$1,000,000 (before costs) was raised from the Placement, which has and will be applied towards oil and gas exploration and general working capital.

A voting exclusion statement in respect of Resolution 5 is set out in the Notice.

Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5.

Resolution 6 - Consolidation

Resolution 6 seeks Shareholder approval for the Company to undertake consolidation of its Shares on a one (1) for five (5) basis (**Consolidation**).

Pursuant to section 254H(1) of the Corporations Act, the Company may convert all or any of its Shares into a larger or smaller number of Shares by ordinary resolution passed at a general meeting.

The result of the Consolidation is that each member's security holding will be reduced to one fifth of its current level.

In compliance with the information requirements of ASX Listing Rule 7.20, Shareholders are advised of the following information.

Purpose of proposed resolution

The Directors propose the Consolidation as it will result in a more appropriate and effective capital structure for the Company and a Share price more appealing to a wider range of investors.

The Company currently has 1,062,475,209 Shares on issue, which for a company of its size, is a very large number and subjects Shareholders to several disadvantages, including:

- (a) poor market perception;
- (b) vulnerability to speculative day-trading and short selling, which generates Share price volatility; and
- (c) discouraging quality, long term institutional investors, equity funds and lending institutions seeking stability and long term growth.

The Board believes these factors can be minimised by the Consolidation.

Effect of the Consolidation

The effect of the Consolidation on the capital structure of the Company, as illustrated in the table below, is that each holding of Shares will be reduced by five (5) times its current level (subject to rounding).

As the Consolidation applies equally to all Shareholders, individual Shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). Accordingly, assuming no other market movements or impacts occur, the Consolidation will have no effect on the percentage interest in the Company of each Shareholder.

	Pre-Consolidation	Post-Consolidation
Shares	Number	Number
Ordinary Shares	1,062,475,209	212,495,042

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders.

Fractional entitlements

Where the Consolidation results in an entitlement to a fraction of a Share, that fraction will be rounded up to the nearest whole number of Shares. Each member's proportional interest in the Company's issued capital will, however, remain unchanged as a result of the Consolidation (other than minor variations resulting from rounding).

Holding statements

Taking effect from the date of the Consolidation, all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of securities on a post Consolidation basis. New holding statements will be issued to security holders, who are encouraged to check their holdings after the Consolidation.

Taxation

The Consolidation should not result in a capital gains tax event for Australian tax residents. The cost base of the Shares held after the Consolidation will be the sum of the cost bases of the original Shares pre-Consolidation. The acquisition date of Shares held after the Consolidation will be the same as the date on which the original Shares were acquired.

This Explanatory Memorandum does not however consider the tax implications in respect of Shares or other securities held on revenue account, as trading stock or by non-resident Shareholders. Shareholders should consider their own circumstances and seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers or employees assumes any liability or responsibility for advising Shareholders or other security holders about the tax consequences of the proposed Consolidation.

Indicative Timetable

If approved by Shareholders, the proposed Consolidation will take effect on 8 December 2016. The following is an indicative timetable (subject to change) of the key events:

Event	Date
Annual General Meeting	25 November 2016
Notification to ASX that Consolidation is approved	25 November 2016
Last day for trading in pre-consolidated securities	28 November 2016
Trading in the consolidated securities on a deferred settlement basis commences	29 November 2016
Last day to register transfers on a pre-consolidation basis	30 November 2016
Registration of securities on a post-consolidation basis	1 December 2016
Despatch of new holding statements Deferred settlement trading ends	7 December 2016
Normal trading starts	8 December 2016

Board recommendation

The Directors recommend Shareholders vote in favour of Resolution 6.

Resolution 7 - Approval of Additional 10% Placement Capacity

Background

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of ASX Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

An entity will be eligible to seek approval under ASX Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity is not included in the S&P/ASX 300 Index. The Company is an eligible entity for the purposes of ASX Listing Rule 7.1A, as at the date of this Notice, as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$18,920,362 as at 10 October 2016, and is expected to be an eligible entity at the date of the Meeting.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in ASX Listing Rule 7.1A.2.

The Company is putting Resolution 7 to Shareholders to seek approval to issue, if required, additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that any funds raised by an issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards coal, oil and gas exploration in the Canning Basin, complementary investments and general working capital.

ASX Listing Rule 7.1A

The effect of Resolution 7 will be to permit the Company to issue the Equity Securities under ASX Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under ASX Listing Rule 7.1 and without the need to obtain further Shareholder approval

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has one class of quoted Equity Securities being fully paid ordinary shares.

Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity will be based on the formula set out in ASX Listing Rule 7.1A.2 at the time of issue of the Equity Securities. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Resolution 7 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

Specific information required by ASX Listing Rule 7.3A

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of ASX Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average market price for securities in that class over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
 - (i) the market price for the Company's Equity Securities may be materially higher or lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as consideration in part or whole for the acquisition of new assets.

The table below shows the dilution of existing Shareholders of the issue of the **maximum** number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable "A" (as defined in ASX Listing Rule 7.1A.2) and the market price of Shares. It is noted that variable "A" is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable "A" is at its current level and where variable "A" has increased by 50% and by 100%;
- (ii) examples of where the issue price of Shares has halved, and where it has doubled, as against the current market price (as at close of trade on 10 October 2016, being \$0.019); and
- (iii) the dilution effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.0095 Issue Price at half the current market price	\$0.019 Issue Price at current market price	\$0.038 Issue Price at double the current market price
Current Variable A 1,062,475,209 Shares	Shares issued – 10% voting dilution	106,247,520	106,247,520	106,247,520
	Funds raised	\$1,009,351	\$2,018,702	\$4,037,405
50% increase in current Variable A 1,593,712,813 Shares	Shares issued – 10% voting dilution	159,371,281	159,371,281	159,371,281
	Funds raised	\$1,514,027	\$3,028,054	\$6,056,108
100% increase in current variable A 2,124,950,418 Shares	Shares issued – 10% voting dilution	212,495,041	212,495,041	212,495,041
	Funds raised	\$2,018,702	\$4,037,405	\$8,074,811

Notes:

- The market price is \$0.019, based on the closing price for the Shares on 10 October 2016. The issue prices included in the table do not take into account discount to the market price (if any).
- These calculations assume that each Shareholder maintains its same percentage voting power in the Company upon a change in Variable A and does not participate in the issue which utilises the Additional 10% Placement Capacity.
- No further Equity Securities are issued under the Company's current capacity to issue 15% of its Equity Securities and no options are converted into shares before the date of the issue of the Shares.
- The Company utilises the full Additional 10% Placement Capacity by issuing Shares.
- The table represents dilution as a whole and is not example of dilution that may be caused to a particular Shareholder.

- (c) Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:
- the date that is 12 months after the date of the Annual General Meeting; and
 - the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(Additional Placement Period). Shares issued under the Additional 10% Placement Capacity may only be issued during the Additional Placement Period.

- (d) The Company may seek to issue the Equity Securities for the following purposes:
- cash consideration:** if Equity Securities are issued for cash consideration, the Company intends to use the funds raised towards coal, oil and gas exploration in the Canning and Perth Basin, complementary investments and general working capital; or

- (ii) **non-cash consideration for the acquisition of new resource or energy assets or other investments:** if Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under ASX Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities under the Additional 10% Placement Capacity.

- (e) The Company's allocation policy will be determined having regard to the prevailing market conditions at the time of the proposed issue of Equity Securities. The allottees under the Additional 10% Placement Capacity will be determined on a case-by-case basis having regard to factors which may include:
 - (i) the method of raising funds which are available to the Company, including the time and market exposure associated with the various methods of raising capital applicable at the time of the raising;
 - (ii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of proposed issue of Equity Securities;
 - (iii) the effect of any such issue on the control of the Company;
 - (iv) the financial situation and solvency of the Company; and
 - (v) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The Company notes that:

- (i) it is envisaged that the requirement for funds from any placement under the Additional 10% Placement Capacity would be used towards coal, oil and gas exploration in the Canning and Perth Basin, complementary investments and general working capital;
- (ii) the Board has formed no specific intentions to offer any placement to any existing Shareholders, class of Shareholders or any new investors;
- (iii) the Board will always consider, prior to making any placement whether the raising of funds could be achieved by means of an entitlements issue to existing Shareholders; and
- (iv) if any issue is announced, the Company would disclose its reasons for undertaking that particular issue rather than an entitlements issue to existing shareholders, should that occur.

The allottees under the Additional 10% Placement Capacity have not been determined as at the date of this Notice. They may, however, include substantial Shareholders and/or new Shareholders who are not related parties (or their associates) of the Company.

- (f) The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at its 2015 annual general meeting on 27 November 2015.

Pursuant to ASX Listing Rule 7.3A.6 the following information is provided to Shareholders.

- (i) No Equity Securities were issued during the previous 12 months pursuant to ASX Listing Rule 7.1A.
- (ii) the total number of Equity Securities issued otherwise in the 12 months before the Meeting (that is, since 25 November 2015) is 351,522,135 shares which represents approximately 33% of the total diluted number of Equity Securities on issue in the Company on 25 November 2015. The total number of Equity Securities on issue as at 25 November 2015 was 1,062,475,209.
- (iii) the table attached as Schedule 1 shows details of all issues of Equity Securities by the Company since 25 November 2015.
- (iv) A voting exclusion statement is included in the Notice. At the date of the Notice:
 - A. the persons eligible to participate in a proposed issue (if any) under ASX Listing Rule 7.1A are not known by the Company;
 - B. the Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity,and therefore no Shareholder will be excluded from voting on Resolution 7.

Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 7.

GLOSSARY

Additional 10% Placement Capacity	has the meaning set out on page 16.
Additional Placement Period	has the meaning set out on page 18.
Annual Financial Statements	means the financial statements, Directors' Report and Auditor's Report for the Company for the financial year ended 30 June 2016.
Annual Report	means the Company's annual report for the year ended 30 June 2016.
Annual General Meeting or Meeting	means the Annual General Meeting of Shareholders of the Company to be held at 3B Macquarie Street, East Circular Quay, Sydney on Friday 25 November 2016 at 9.30 am (Sydney time), or any adjournment thereof.
ASX	means ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market operated by it.
ASX Listing Rules	means the Listing Rules of ASX.
Beneficial Shareholders	means persons who are or become holders of beneficial interests in Shares, either directly or through nominee or other holders.
Board	means the board of Directors of the Company.
Closely Related Party	means: <ul style="list-style-type: none">a) a spouse or child of the member;b) a child of the member's spouse;c) a dependent of the member or the member's spouse;d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member in the member's dealings with the Company;e) a company the member controls; orf) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company or Rey Resources	means Rey Resources Limited (ABN 84 108 003 890).
Constitution	means the Company's constitution.
Consolidation	means the consolidation of the Company's issued capital on a fine (5) to one (1) basis as set out on page 13.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Equity Securities	has the same meaning as in the ASX Listing Rules.
Explanatory Memorandum	means the Explanatory Memorandum attached to the Notice of Meeting.
Key Management Personnel	has the same meaning as in Australian accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Directors.
Non-Executive Director	means a non-executive director of the Company.

Notice or Notice of Meeting	means this Notice of Meeting and accompanying Explanatory Memorandum.
Registered Shareholders	means those persons who are registered holders of Shares as at the applicable date.
Remuneration Report	means the remuneration report forming part of the Directors' Report in the Company's 2016 Annual Report.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a person, corporation or body holding a Share on the Rey Resources share register.
Trading Day	has the meaning given to that term in the ASX Listing Rules.
Voting Record Date	means 7:00 pm (Sydney time) on 23 November 2016.

SCHEDULE 1

Securities Issued post 27 November 2015	Terms and quantity of Securities issued	Names of the persons to whom the Securities were issued	Issue Price	Discount to market price on date of issue	Total cash consideration received	Use of funds or intended use of funds for remaining consideration	Non-cash consideration and current value
12 February 2016	33,333,333 fully paid ordinary shares issued on the same terms and ranking equally with the Company's existing Shares on issue.	Sophisticated investor, Ms Wanyan Liu	\$0.03	50% premium to market price	\$1,000,000	100% of funds used for repayment of debt and for general working capital.	N/A
7 April 2016	229,497,045 fully paid ordinary shares issued on the same terms and ranking equally with the Company's existing Shares on issue.	Subscribers pursuant to the Rights Issue as announced 26 February 2016	\$0.015	25%	\$3,442,455.68 (before costs)	100% of funds used to repay shareholder loans and for general working capital. No funds remaining.	N/A
29 April 2016	18,598,424 fully paid ordinary shares issued on the same terms and ranking equally with the Company's existing Shares on issue.	Shortfall subscribers pursuant to the Rights Issue as announced 26 February 2016	\$0.015	50%	\$278,976.36 (before costs)	100% used to repay shareholder loans and for working capital. No funds remaining.	N/A
1 July 2016	3,426,667 fully paid ordinary shares issued on the same terms and ranking equally with the Company's existing Shares on issue.	Former director on conversion of Performance Rights	Nil	N/A	Nil	No funds raised.	Current Value = \$65,106 ¹
17 October 2016	66,666,666 fully paid ordinary shares issued on the same terms and ranking equally with the Company's existing Shares on issue.	Sophisticated investor, Neway Energy International Limited	\$0.015	21% discount to market price	\$1,000,000	Funds to be used for oil and gas exploration and general working capital ²	N/A

Notes

1. This value is calculated based on the number of Shares issued multiplied by the Share price as at 10 October 2016, being \$0.019.
2. The Company intends to use approximately 70% of funds for oil and gas exploration and approximately 30% for general working capital purposes.



All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9:30am (Sydney time) on Wednesday 23 November 2016.**

🖨 TO VOTE ONLINE

- STEP 1:** VISIT www.votingonline.com.au/reresourcesagm2016
- STEP 2:** Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3:** Enter your Voting Access Code (VAC):

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **9:30am (Sydney time) on Wednesday 23 November 2016**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** www.votingonline.com.au/reresourcesagm2016

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Rey Resources Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **3B Macquarie Street, East Circular Quay, Sydney, NSW 2000 on Friday, 25 November, 2016 at 9:30am (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of the Remuneration Report (non-binding resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Dr Zhiliang Ou	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-Election of Director – Mr Dachun Zhang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of issue of 33,333,333 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of issue of 66,666,666 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Additional 10% Placement Capacity (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016