

ASX ANNOUNCEMENT

18 JUNE 2012

REY RESOURCES TO RAISE UP TO \$13.8 MILLION VIA SHARE PLACEMENT TO ASF GROUP

- **Share placements to raise up to \$13.8 million at 30 per cent premium to last trading price (\$0.12)**
- **Exclusivity granted to ASF Group for Duchess Paradise thermal coal project to explore joint development and transaction**

Rey Resources Limited (“Rey” or “the Company”) (ASX: REY) is pleased to announce that it has entered into share subscription agreements (“Subscription Agreements”) to raise up to \$13.8 million (before costs) through the proposed issue of up to 115 million fully paid ordinary shares in the capital of the Company (“Shares”). The issue price of \$0.12 per share represents a 33.3 per cent premium to the last traded price of \$0.09. The Shares will be issued to ASF Group Limited (or its nominee) (“ASF”), an ASX listed company (ASX: AFA) with an interest (via its associate ASF Resources Limited) in exploration tenements adjoining Rey’s Duchess Paradise thermal coal project (“Duchess Paradise Project”), located in the Canning Basin, Western Australia.

Placement Details

ASF has subscribed for the Shares via two placements (“Placements”). The first Placement, comprising 25 million Shares to raise \$3 million, will be issued within three days pursuant to the Company’s available placement capacity. It is not subject to shareholder approval or any conditions precedent. As the second Placement, comprising 90 million shares to raise a further \$10.8 million, would exceed 20 per cent of the Company’s existing issued capital, the issue of Shares is subject to shareholder approval. Under the terms of the subscription agreement, the shareholders meeting must be held no later than 14 August 2012.

In addition, ASF has been granted a 60 day exclusivity period on negotiations with respect to a potential transaction on the Duchess Paradise Project. This includes, subject to a fiduciary carve out, customary 'no shop' and 'no talk' restrictions.

Rey’s Managing Director, Mr Kevin Wilson said the proposed Placements represent an exciting opportunity for Rey, providing funding at a 30 per cent premium to the last traded

price of \$0.09 and allowing immediate capital to progress the current drilling program and approvals process for Duchess Paradise.

“The exclusivity agreement with ASF provides a framework for potentially reaching a positive outcome for shareholders in developing Duchess Paradise. ASF is a company that has shown that it has the necessary access to capital to incubate and develop projects successfully.”

On completion of the share placements, ASF will be the Company’s largest shareholder, holding approximately 22.5 per cent of the expanded capital of the Company on a diluted basis (assuming that all existing share rights issued by the Company vest but that the Company’s three million existing unlisted options expire unexercised), and will also be entitled to nominate two directors to the Rey Board.

The funds raised from the Placements will be used to execute the Company’s 2012 coal exploration drilling program in the Canning Basin, progress the approvals process for Duchess Paradise, as well as for general working capital and corporate purposes.

A notice of meeting, including an Independent Experts Report, will be despatched to shareholders in due course to convene a meeting to vote on the proposed Placement and other resolutions.

Background on ASF

ASF is a diversified investment and capital deployment company listed on the ASX with a particular focus on Australia China transactions. It has entered into a number of joint ventures with Chinese parties showing a capacity to monetize and develop assets including joint ventures with both Beijing Guoli Energy Investment Co. Ltd and China Coal Geology Engineering Corporation.

ASF has an associate entity that holds assets in the Canning basin adjacent to Duchess Paradise Project over the recent period and has a thorough understanding of the need to work with key stakeholders in developing projects in the region.

Other Matters

Rey Resources’ financial advisor for the Placements and the potential joint development and transaction is Satori Investments.

Ends

Enquiries

Kevin Wilson

Managing Director

T +61 8 9211 1999

E kwilson@reyresources.com

About Rey Resources:

Rey Resources Limited (Rey Resources) is an ASX-listed resource exploration and development company (ASX: REY) with project interests in the Canning Basin, Western Australia. The company's primary focus is Duchess Paradise, a potential thermal coal export Project situated on a pastoral station approximately 175 km southeast of Derby. Following a successful Definitive Feasibility Study completed in June 2011 and subject to approvals and financing, Rey Resources plans to export coal via existing facilities at Derby port.

www.reyresources.com