

ASX ANNOUNCEMENT

17 MAY 2021

Advance Payment For Surat Gas Project

Following the announcement on 21 December 2020 about participating in the Surat Gas Project, Rey Resources Ltd (**Rey**) has executed a Supplementary Terms Sheet for a further advance payment of \$300,000 (**Advance Payment**) as part of the Stage Two investment.

The major terms are as below:

- The Advance Payment will be used to fund the proposed flow testing work as well as other general payment by Southernpec (Australia) Pty Ltd (**SouthnA**). The Advance Payment is part of Stage Two investment which has been extended to 30 June 2021.
- SouthnA will issue additional new shares to Rey. Together with the shares issued under Stage One investment which had been completed in January 2021, the total number of securities held by Rey after the new issue will equal to 20% of the total issued capital of SouthnA (Rey is entitled to earn up to 75% equity interests in SouthnA after three stages of investments).
- The total investment amount of Stage Two will remain unchanged.
- The total subscription earned by Rey after Stage Two will remain unchanged.
- The start of Stage Two with balance of the investment will be subject to the satisfaction of conditions in the original Term Sheet.

About the Surat Gas Project

The Surat Gas Project consists of 7 production licences in Surat Basin in Queensland. Armour Energy Pty Ltd is the only joint venture partner (non operator) of Surat Gas Project. The participating interests of each licence owned by SouthnA is listed as below:

Production Licence	SouthnA interests	Armour interests	Resources
PL69	53.75%	46.25%	Gas
PL28W	53.75%	46.25%	Gas
PL12W	53.75%	46.25%	Gas
PL320W	53.75%	46.25%	Gas
PL11W/PLA321	53.75%	46.25%	Gas
PL89	53.75%	46.25%	Gas
PL11SC	75%	25%	Gas

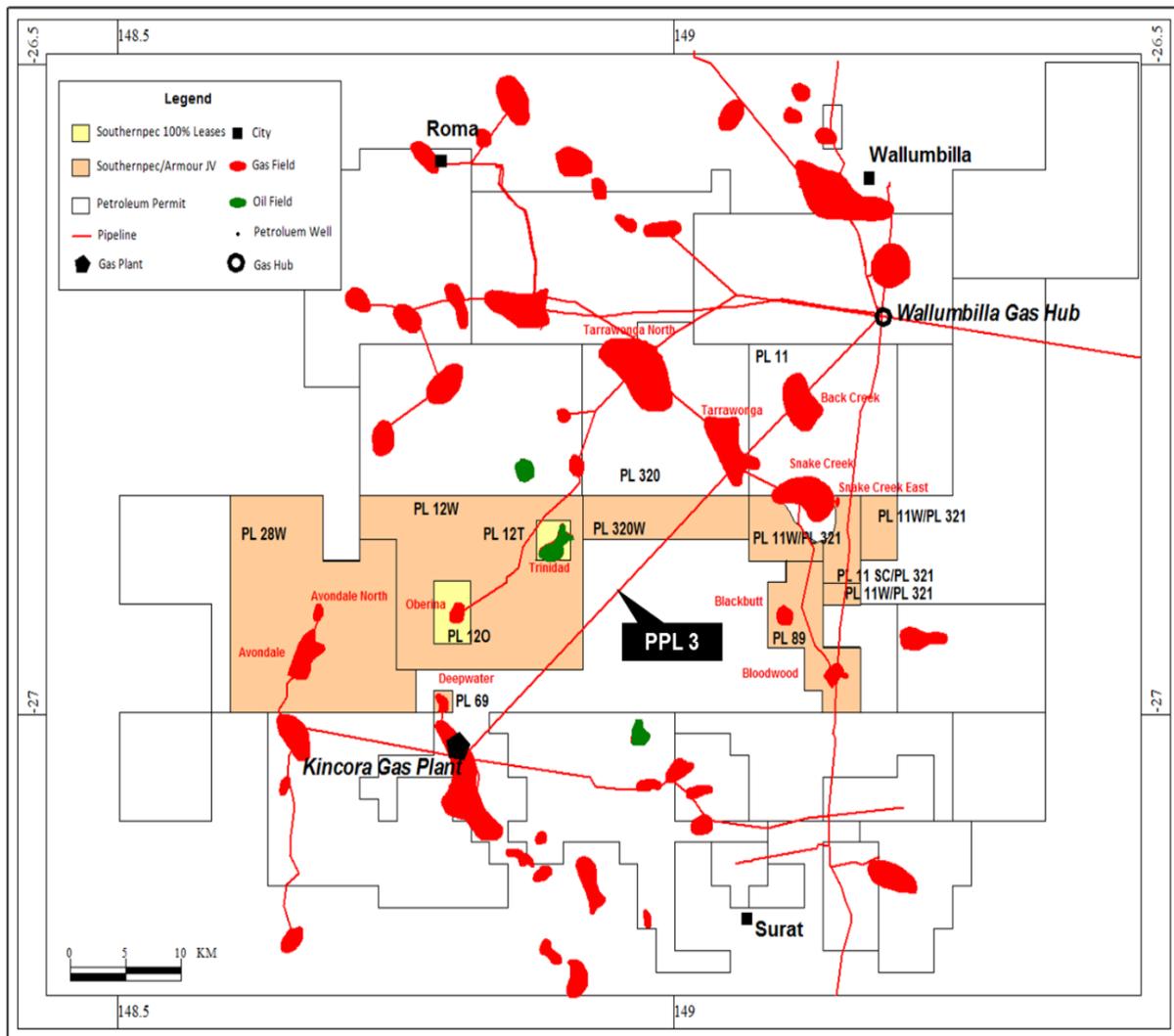


Figure 1: Surat Gas Project Location in Surat Basin

Some of the production licences including PL28, PL69 and PL89 had good production history from 5 wells since 1980s. These wells have been shut down since 2012 due to suspension of Kincora gas processing plant. Based on current studies, it believes that the 3 Avondale wells in PL28 and one Deepwater well in PL69 have good potential for gas production using existing flowlines. Many prospects also have not been tested.

The project has multi pipeline across the asset and it is link to Wallumbilla Gas hub through Kincora Gas Processing Plant . The Kincora Gas Processing Plant is owned by Armour Energy and still has capacity to process gas produced from Surat Project.

Authorised by the Board of Rey Resources Limited

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