

ASX ANNOUNCEMENT

11 JULY 2013

Update on Canning Basin Oil and Gas Exploration

Rey Resources Limited (**Rey**) is pleased to provide an update on its oil and gas exploration activities in the Canning Basin, Western Australia.

Background

Following acquisition of an additional 15% participating interest in March 2013, Rey holds a 25% interest in two exploration licences (EP457 and EP458) in the Canning Basin (refer Figure 1). Joint Venture ownership of the leases is as follows:

Rey	25% (including 10% free carried to production)
Buru Energy Limited (Buru)	37.5% (operator)
Diamond Resources (Fitzroy)	37.5% (100% subsidiary of Mitsubishi Corporation)

Summary of 2013 Proposed Workplan

Buru, as operator, recently proposed workplans on the EP 457 and EP 458 permits that are currently awaiting final approval by the joint venture. Buru has also recently reported that the Terrex seismic crew that has been engaged for the planned seismic programs will commence the Ungani 3D seismic survey for Buru later this month. Once this survey is completed, and all approvals for the EP 457 and EP 458 permit work programs have been obtained, the Terrex seismic crew will commence the planned 2D seismic programs on the EP 457 and EP 458 permits.

EP457- Frome Rocks 2D seismic survey program

The Frome Rocks 2D seismic survey program covers the interpreted continuation of the "Ungani Trend" to the southeast of the Ungani oil discovery which is located approximately 10kms to the northeast of EP457 (refer Figure 2). This program will be acquired as part of Buru's regional 2D seismic acquisition along the Ungani trend and entails acquisition of 400 line kms of data in EP457. Targets are analogues of the Ungani oil discovery, as well as other Laurel Formation plays. The survey is anticipated to be acquired before November 2013. Data processing is expected to be completed by December 2013 and will be used to define targets for a potential 2014 drilling campaign.

EP458- Mt Fenton 2D seismic survey program

The Mt Fenton 2D seismic survey program is designed to explore the continuation of the Fenton Fault system into EP458 and also provide regional seismic coverage in the southern half of the permit (refer Figure 2). It

comprises 193km of seismic line acquisition with the aim of maturing a target for a 2014 drilling campaign. Targets are the Fenton Fault trend, Grant Formation and the Upper Laurel Formation. Seismic acquisition is anticipated to occur in November 2013. Data processing is expected to conclude by February 2013 and will be used to define targets for a potential 2014 drilling campaign.

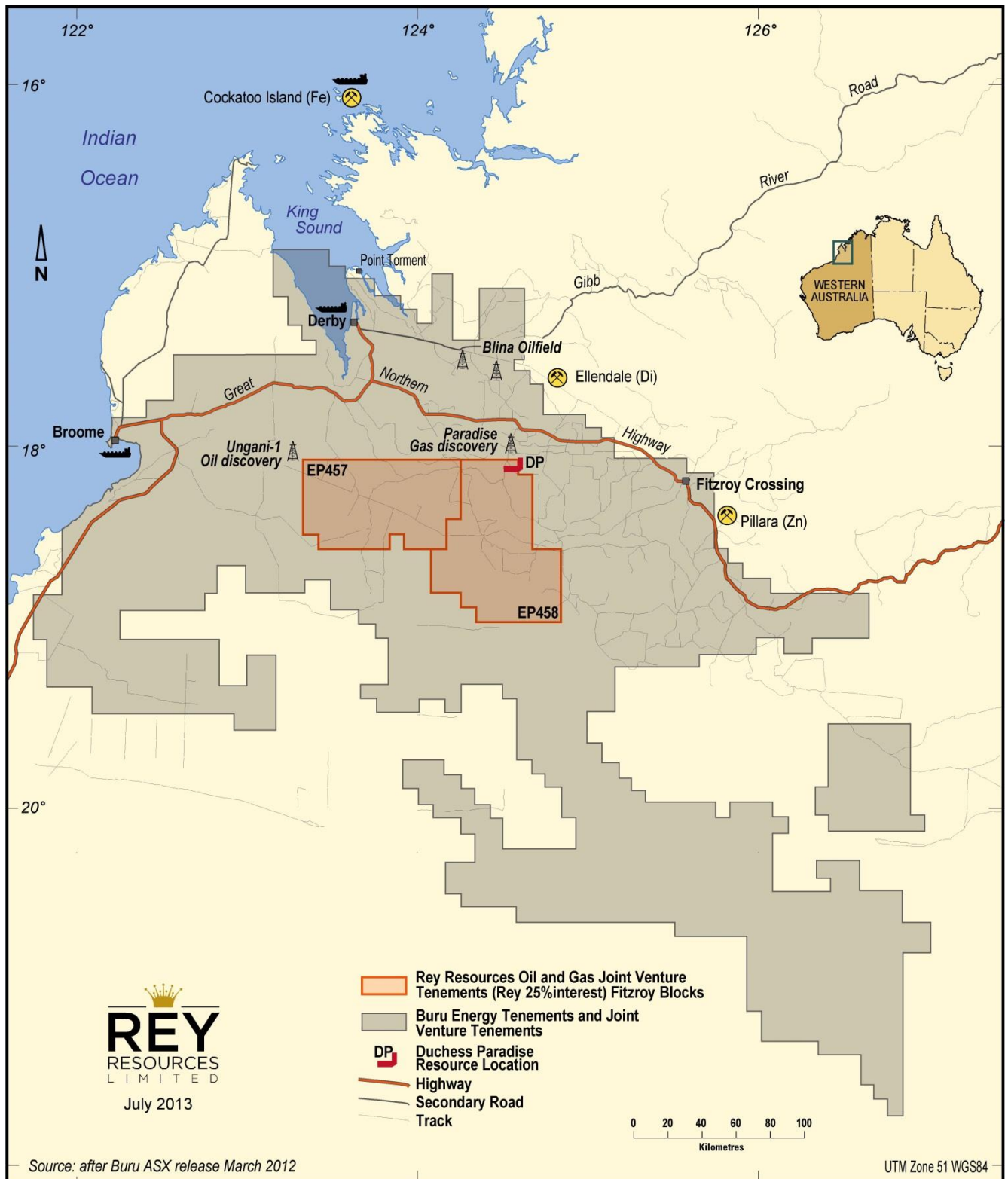


Figure 1: Location of EP 457 and EP 458 in the Canning Basin.

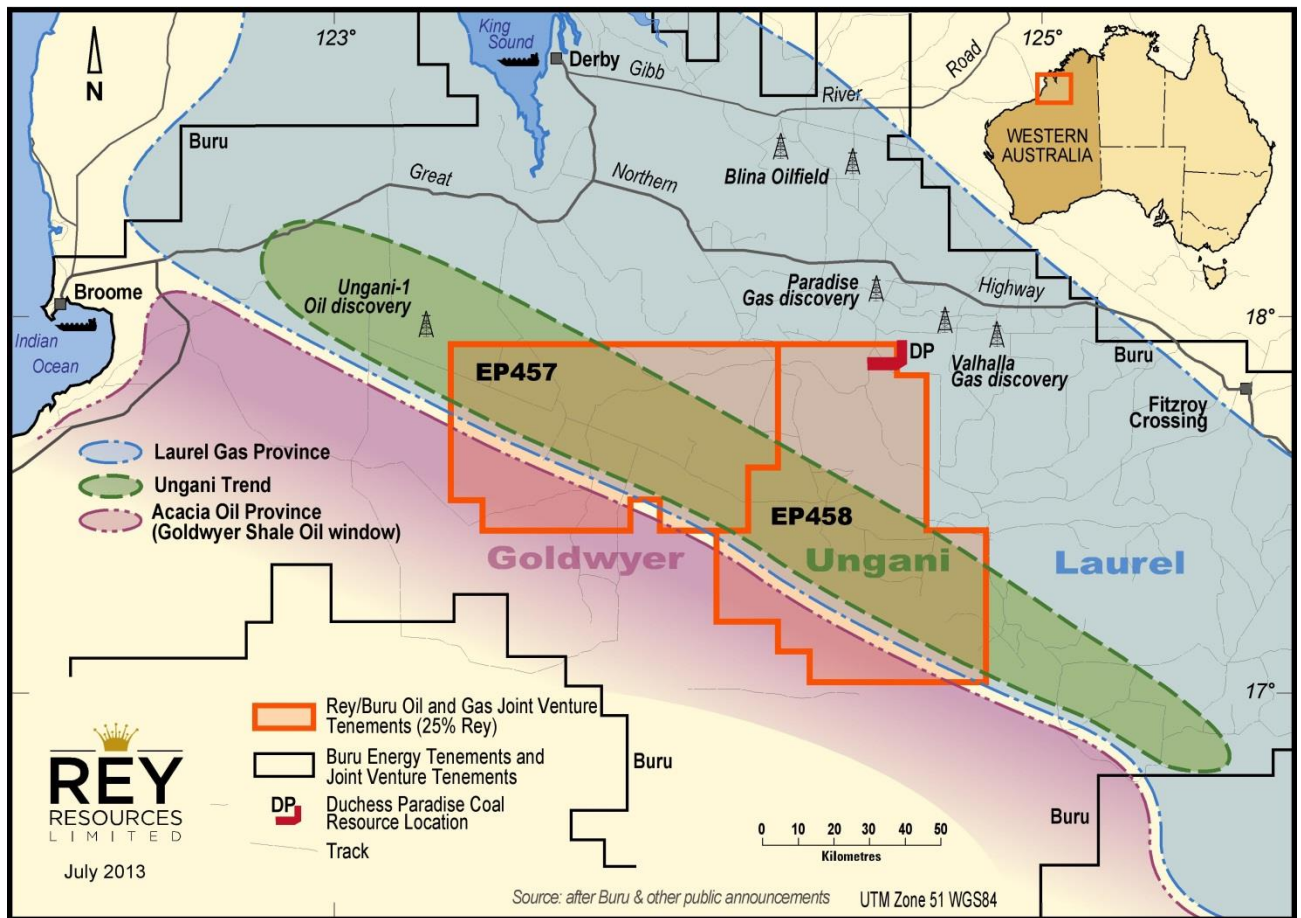


Figure 2: The three major prospective trends in EP 457 and EP 458.

Cost of the 2013 Program

Rey holds a 10% free carried interest and 15% participating interest in the two leases. The total cost to Rey of the 2013 work program is estimated at under \$1 million. Rey currently has approximately \$6 million cash at bank.

Update on Crystal transaction

As announced on 1 July 2013, Rey has entered into an agreement with Crystal Yield Investments Limited (**Crystal**), to sell the Duchess Paradise Coal Project for \$21 million by way of a staged acquisition by Crystal of all of the issued shares in Blackfin Pty Ltd, a wholly owned subsidiary of Rey (**Transaction**).

Rey recently received \$3 million from Crystal in satisfaction of the first stage of the Transaction.

The Transaction requires shareholder approval. A notice of meeting for an EGM to consider and, if appropriate, approve the Transaction is in preparation and will be despatched to shareholders shortly. The EGM is anticipated to be held around late August.

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About Rey:

Rey Resources Limited is an ASX-listed company (ASX: REY) focussed on exploring for and developing energy resources in Western Australia's Canning Basin. The company holds coal exploration assets and a 25 per cent interest in two highly prospective petroleum permits (EP457 & 458) in joint venture with Buru Energy Limited and Mitsubishi Corporation.