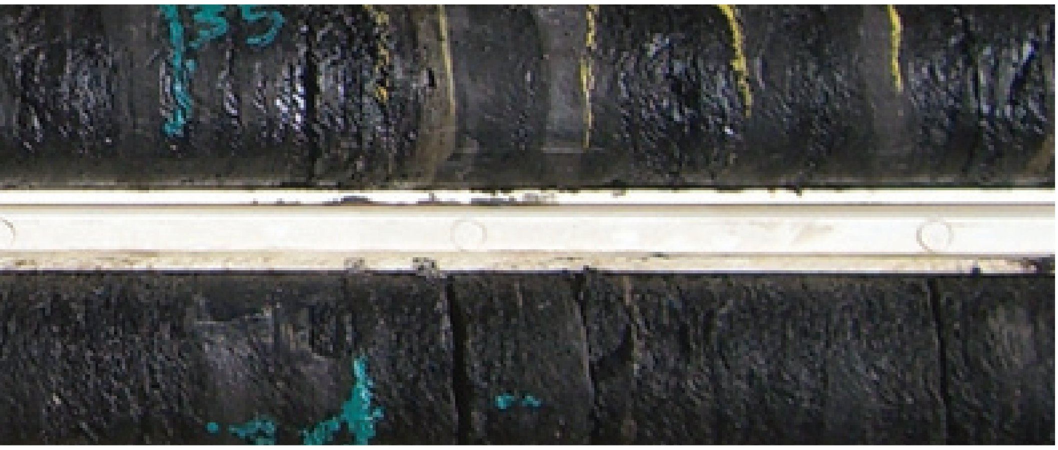


ANNUAL REPORT 2011

REY RESOURCES

CONTENTS

COMPANY PROFILE

Western Australian-based Rey Resources Limited (ASX: REY) is focused on developing its Duchess Paradise Project in the Canning Basin. This year the Company successfully completed a Definitive Feasibility Study (DFS) for the Project, and marketing discussions have commenced with potential customers.

During 2011, the Company also took the first steps towards achieving project approvals and has established constructive working relationships with stakeholders and local communities.

Rey Resources has an experienced Board and management team committed to realising the development of the Duchess Paradise Project, and to expanding the resource base of the Company.

HIGHLIGHTS

- Completed Definitive Feasibility Study (DFS) for Duchess Paradise Project confirming economically robust thermal coal export project
- Mining Lease application submitted to Departments of Mines and Petroleum in Western Australia
- Measured Resources in the upper seam (P1 seam) upgraded to 60.2 million tonnes of thermal coal
- Total P1 seam resource increased to 305.8 million tonnes
- Total Duchess Paradise resource (P1 plus P2 seam) 535 million tonnes
- Maiden coal reserve estimate in upper (P1) seam of 26.3 million tonnes
- Continued stakeholder engagement with Traditional Owners, State and Federal Government and local community groups
- 2011 drilling program commenced to expand resources to support extended life of slot mining operation, and to extend potential underground coal mining
- Appointment of new and experienced Board members, being Mr Charlie Lenegan as Non-Executive Chairman and Ms Maree Arnason as Executive Director – Strategy
- Successfully completed A$12 million capital raising.

CHAIRMAN'S MESSAGE

Dear Shareholder,

I am pleased to report to shareholders after my first year as Chairman.

It is an exciting time to be part of Rey Resources with the Company reaching a significant number of milestones over the past year and with the Definitive Feasibility Study outlining a clear pathway through to production.

The Company's strategy is to maximise shareholder value by:

- Establishing a pathway for development of a successful long term operation based on the Company's resources. The Definitive Feasibility Study has demonstrated the feasibility of the proposed Duchess Paradise Project development – using proven mining and transportation methods from the coalface to potential customers
- Pursuing programs to improve the resource base. This includes drilling to extend resource estimates as well as programs to upgrade resource definition and to develop reserve estimates
- Engaging with key stakeholders to ensure responsible development and operation of the project. This engagement extends to local communities and governments as well as potential customers and suppliers
- Seeking opportunities to generate further value for Rey Resources shareholders. This includes business development initiatives as well as corporate development and funding strategies.

The Company announced the successful completion of a Definitive Feasibility Study (DFS) for the Duchess Paradise Project in June, 2011. This marks the culmination of a significant amount of work over the past 18 months and it is a credit to the Rey Resources team, who have demonstrated that the Duchess Paradise Project is not only financially viable in its current form, but also has significant upside potential and growth opportunities.

The 2011 exploration program, which is focused on expanding resources and reserves to support long term operations, is in progress. The P1 Resource Estimate was upgraded in April 2011 and a Reserve Estimate was issued in June 2011 to support the DFS. The DFS has provided a strong platform from which we will seek to maximise the value of our large landholding in the Canning Basin.

Alongside the significant amount of work that has been going into the DFS over the past year, the Company has submitted an application for a mining lease to the Western Australian Government, and environment permitting has commenced.

An integral part of our business is building relationships and earning our social license within the communities in which we operate. In June 2011 the Company entered into formal negotiations with the Traditional Owners, and we are now working towards an agreement that builds on the existing strong relationship and delivers ongoing benefits to Indigenous people including employment and business opportunities and investment in the future. The agreement will also recognise the fundamental importance of responsible management of environment and heritage.

The Company's financial position has been managed effectively through the year to ensure that the ongoing exploration activities and the DFS have been fully funded. The DFS has demonstrated the feasibility of the project, with NPV of $176M and cash generation before interest and tax of $953M in the first 11 years of operation. The Duchess Paradise Project is one of few greenfields thermal coal projects in Australia which has a clear pathway through to production, with key logistics and port infrastructure essentially in place and with the stakeholder engagement and approval processes underway.

Despite the challenging investment market conditions in 2010-2011, the Company has been successful in securing the funding required for its activities. Subsequent to the close of the financial year, the Company announced a successful A$8 million placement to fund activities through to the end of 2011. The Company is currently evaluating options for funding the next phases of the project, and will be focused on identifying pathways which preserve and grow value for shareholders.

Following the 2010 Annual General Meeting we have had a number of Board changes including my appointment as Chairman and Ms Maree Arnason's appointment as Executive Director – Strategy. Subsequent to the end of the financial year, the Board appointed Mr Brett Clark and Mr Lex Graefe as Non-Executive Directors. These appointments bring valuable experience and knowledge to the Company as we continue to position Rey Resources for its next phase of development. I would like to wish my predecessor Mr Julian Ludowici, and Messrs Alan Humphris, James McClements, Bruce Preston and William McIntosh well as they leave the Board, and thank them for the contributions they have each made to the growth and development of the Company.

In the coming year, the strategy will focus on exploration to increase and upgrade the resource base whilst also optimising and planning for the Duchess Paradise Project, including extension of the mine life beyond ten years. Decisions will also be made regarding the financing for the project and the potential involvement of offtakers in the project's development.

I would like to thank my Board colleagues for their support and contribution over the past year, and the Board wishes to record its thanks for the efforts of all the Rey Resources employees, consultants and contractors who have contributed to the Company's development over the 2010-2011 year.

I would like to thank shareholders for their continuing support of Rey Resources. We look forward to another exciting year ahead as we continue to grow the resource base and progress towards development of the Duchess Paradise Project.

Charlie Lenegan
Chairman

BUSINESS PERFORMANCE

CORPORATE ACTIVITIES

During December Rey Resources successfully completed a A$12 million capital raising. This attracted significant support from existing shareholders, and the Company also welcomed new global and domestic institutions to the register. The funds raised were used primarily to conduct further exploration drilling, environmental surveys and assessments, and complete the DFS.

Subsequent to the end of the financial year a further placement of A$8 million has taken place. Funds raised under the placement will be used for exploration, targeting an increase in resource and extension of mine life as well as funding continued permitting for Duchess Paradise and general working capital.

ORGANISATION

Rey Resources is ensuring its exploration and project development activities are underpinned by organisational policies and objectives that minimize risk and ensure responsible corporate conduct.

OCCUPATIONAL HEALTH AND SAFETY

Rey Resources developed and integrated an Occupational Health and Safety Policy to ensure a safe and secure working environment for employees, contractors and visitors. The policy was adopted in June 2011.

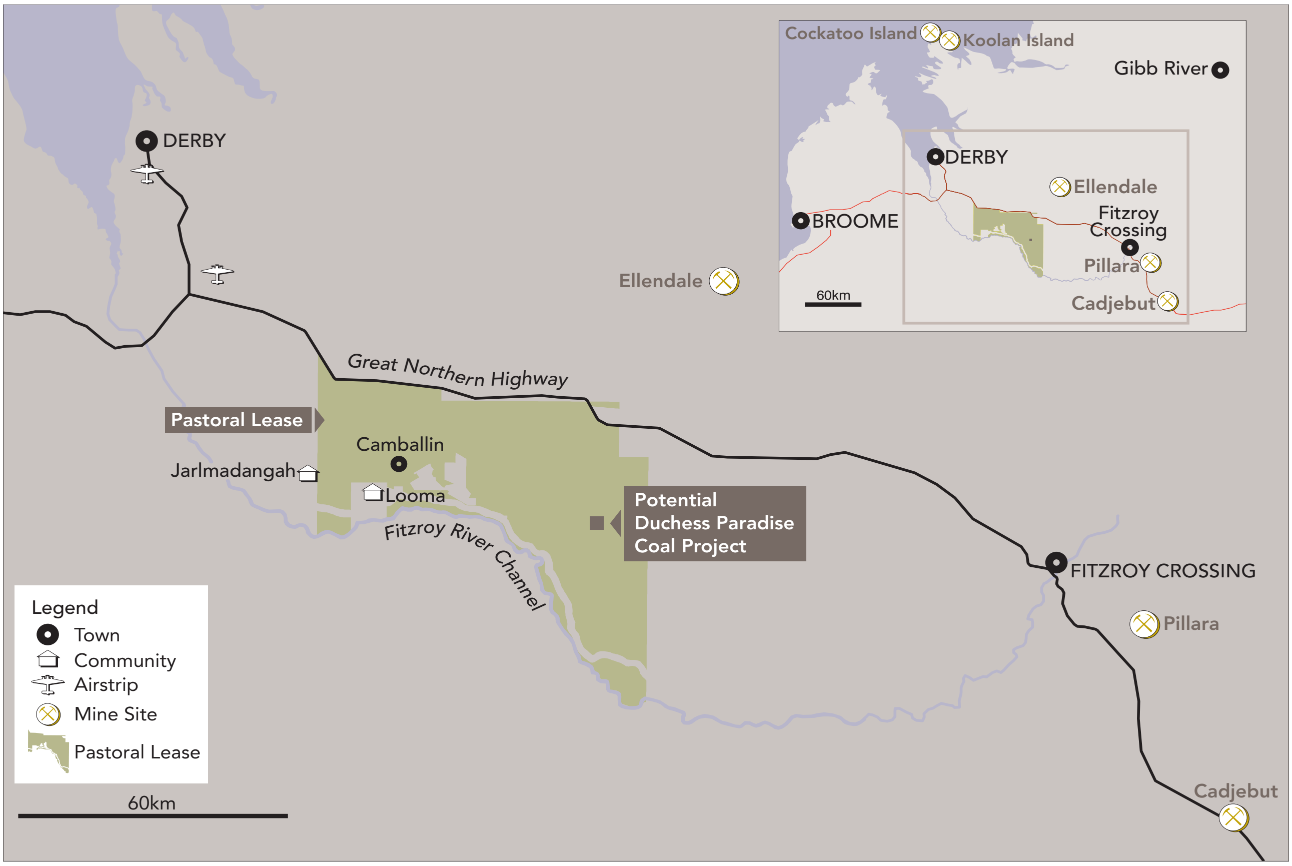
ENVIRONMENT POLICY

Rey Resources adopted a new Environment Policy in May 2011, stating a clear corporate commitment to responsible environmental management that applies to all aspects of its business.

DUCHESS PARADISE PROJECT

PROJECT OVERVIEW

The Duchess Paradise Project is situated on pastoral land about 175 km by road south east of Derby in Western Australia's Canning Basin. The Project will include a low-impact slot mine, a coal handling and preparation plant, support infrastructure and a 30 km access road to the Great Northern Highway. The Project does not impact on any environmental or heritage protection areas.



DEFINITIVE FEASIBILITY STUDY

Rey Resources successfully completed a Definitive Feasibility Study (DFS) into the development of the company's Duchess Paradise Project in June 2011. The DFS confirmed a 2.0 to 2.5 million tonnes per annum operation for 10 years with strong cashflows. The project has substantial potential to significantly extend the mine life by up to a further ten years. Marketing discussions have commenced with potential customers.

Work on the DFS commenced in early 2010 and proposed a slot mining operation with road haulage on existing infrastructure and exports via the company's existing port infrastructure at Derby. The study referenced construction is expected to commence in 2013 with first mining in late 2013 and first sales in early 2014, subject to obtaining the required approvals.

EXPLORATION PROGRAM

Rey Resources is undertaking an exploration program aimed at expanding the P1 coal reserves to support a longer life operation. The Duchess Paradise Project occurs on coal outcropping over 25 kilometres. Drilling is now starting to focus on the remaining approximately 300 kilometres of interpreted subcrop in the Company's exploration leases. In June 2011, Rey Resources recommenced its drilling program following the wet season, aiming to:

- Expand shallow thermal coal resource estimates
- Explore new sub-crop areas
- Upgrade deeper coal resources to enable early estimates of underground mining potential.

CONSULTATION AND APPROVALS

Rey Resources discussions with native title holders continued during the year. Formal negotiations with Traditional Owners started in June 2011 and a precursor agreement to a final native title agreement will continue to be the focus of Rey Resources in the coming year.

The Company lodged a Mining Lease Application (MLA) with the Department of Mines and Petroleum in Western Australia on 17 December 2010. The MLA seeks to convert parts of two Exploration Permits, which include sections of the previously reported Duchess Paradise thermal coal resource and its possible extensions, into a Mining Lease as part of the Duchess Paradise Project.

At the same time, an application was also made for a Miscellaneous Licence to accommodate support infrastructure, including an all-weather access road to the Great Northern Highway, an airstrip, a fresh water supply borefield, construction gravel and some service roads.

Environmental permitting has commenced, with the referral of the Project to the Environmental Protection Authority in Western Australia in June 2011, and to the federal Minister for Sustainability, Environment, Water, Population and Communities in July 2011.

BUSINESS OUTLOOK

The thermal coal market continues to be strong, underpinned by growing demand from China and India. Whilst many new coal projects suffer infrastructure constraints and delays, the Duchess Paradise Project is well positioned to deliver into these growing markets.

RESERVE AND RESOURCES STATEMENTS

P1 SEAM RESERVE ESTIMATE FOR DUCHESS PARADISE MINE PLAN AS AT 30 MAY 2011

Type	Average Mine Recovery (%)	Total Run-of-Mine Coal (ar) (Mt)	Wet Yield based on Expected Total Moisture (%)	Marketable Cleaned Coal (gar) [1] @ 17.3 % Total Moisture (Mt)
Slot Excavation	95	2.5	67.6	1.7
Highwall Mining	51	23.8	67.7	16.1
Total		**26.3**	**67.7**[2]	**17.8**[3]

(1) gar gross as received.

(2) A&B Mylec calculated a 67.3 per cent wet yield based on coal quality data from 60 cored holes and seam thickness data from 381 available drill holes, as supplied by Marshal Miller & Associates.

(3) An additional 2.7 million marketable cleaned tonnes (gar) derived from inferred resource are included in the mine plan, which totals 20.5 million marketable cleaned tonnes (gar).

Reserves are included in the following resource statements.

Competent Persons Statement

The estimation of the Duchess Paradise P1 Seam Coal Reserves has been provided by Messrs Gerard Enigk, B.S.M.E., P.E., Manager of Engineering of MM&A and Peter Lawson, B.S.M.E., M.B.A., Executive Vice President of MM&A. Mr. Enigk has over 34 years of experience in coal-related work, including but not limited to coal reserve/resource estimation, mine planning and design, mine operations, mineral valuation and appraisals, and geotechnical evaluations. He is a Registered Member of the Society of Mining, Metallurgy, and Exploration (SME), which is part of The American Institute of Mining, Metallurgy, and Petroleum Engineers (AIME). Mr. Enigk holds a Bachelor of Science degree in Engineering of Mines from The Pennsylvania State University and a Masters degree in Environmental Science from the West Virginia Graduate College, and is a Registered Professional Engineer in West Virginia. Mr. Enigk has served in the capacity as Manager of Engineering and as a production supervisor for operating coal companies, and has extensive experience with surface and underground mining operations, including the use of highwall mining systems. Mr. Enigk is a certified mine foreman in West Virginia. His education and experience qualify him as a Competent Person as defined in the December 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves" (The JORC Code, 2004 Edition). Mr. Lawson has over 32 years of experience in coal-related work, including but not limited to coal reserve/resource estimation, mine engineering, mine operations, mineral valuation and appraisals, and mergers and acquisitions. He is a Registered Member of the Society of Mining, Metallurgy, and Exploration (SME), which is part of The American Institute of Mining, Metallurgy, and Petroleum Engineers (AIME). He is also a member of the West Virginia Coal Association, the American Society of Mining and Reclamation and the Illinois Mining Institute. Mr. Lawson holds a Bachelor of Science degree in Mining Engineering from The New Mexico Institute of Mining and Technology and a Masters degree in Business Administration from Ashland University. Mr. Lawson has served in the capacity as Manager of Engineering and as President for operating coal companies, and has extensive experience with surface mining operations, including the use of highwall mining systems. His education and experience qualify him as a Competent Person as defined in the December 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves" (The JORC Code, 2004 Edition). Mr. Enigk and Mr. Lawson consent to the information included in this report of the matters based on their information in the form and context in which they appear.

DUCHESS PARADISE P1 SEAM JORC RESOURCES ESTIMATE BY CATEGORY AS AT 6 APRIL 2011

P1 Seam	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Totals	**60.2**	**78.5**	**167.0**	**305.8**

For further information on the above summary Resources estimate, please refer to the Company's ASX announcement dated 6 April 2011

Competent Persons Statement

The estimation of the Duchess Paradise P1 Seam Coal Resources has been provided by Messrs Scott Keim and Ron Mullennex. Mr Keim is a Member of the American Institute of Professional Geologists. He is a full time employee of MM&A which was contracted to provide the JORC estimate. Mr Keim has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code, 2004 Edition). Mr Keim has over 29 years of coal specific experience including coal exploration, resource modelling, estimation and assessment, and geotechnical assessment and modelling. Mr Keim consents to the inclusion in the report of the matters based on his information in the form and context in which they appear. Mr Mullennex is a Member of the American Institute of Professional Geologists. He is a full time employee of MM&A which was contracted to provide the JORC estimate. Mr Mullennex has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code, 2004 Edition). Mr Mullennex has over 34 years of coal specific experience including coal exploration, resource modelling, estimation and assessment, and geotechnical assessment and modelling. Mr Mullennex consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

DUCHESS PARADISE P2 SEAM JORC RESOURCES ESTIMATE BY CATEGORY AS AT 1 JUNE 2009

P2 Seam	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Totals	**16.9**	**41.7**	**171.0**	**229.6**

For further information on the above summary Resources estimate, please refer to the Company's ASX announcement dated 1 June 2009

Competent Persons Statement

The estimation of the Duchess Paradise P2 seam Coal Resources is a summary of the information set out in the Company's ASX announcement on 1 June 2009 and has been provided by Mr Richard Campbell, who is a Member of the Australasian Institute of Mining and Metallurgy and was a full time employee of Blackrock Mining Solutions Pty Ltd which was contracted to provide the JORC estimate. Mr Campbell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code, 2004 Edition). Mr Campbell has over 10 years of coal specific experience including coal exploration, resource modelling, estimation and assessment, and geotechnical assessment and modelling. Mr Campbell consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

Coal Quality – Competent Persons Statement

The coal quality information in this report has been compiled under the supervision and reviewed by Mr. Andrew Meyers, who is a Member of the Australasian Institute of Mining and Metallurgy (Member since 1993) and Director of A&B Mylec Pty Ltd, metallurgical and coal technology consultants. Andrew Meyers has more than 20 years' experience in coal processing for coal projects and coal mines both in Australia and overseas. With this level of experience, he is adequately qualified as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code, 2004 Edition). Mr Meyers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration – Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Bruce C Preston who is a member of The Australian Institute of Geoscientists. Dr Preston has sufficient experience to qualify as a Competent Person for the purposes of the December 2004Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code, 2004 Edition). Dr Preston was previously the Technical Director of Rey Resources Limited and he consents to the inclusion in the report of the matters based on his information in the form and context in which they appear. Dr Preston has a beneficial interest in 6,072,025 shares or 1.68% of the issued capital of Rey Resources Limited.

CORPORATE GOVERNANCE

STATEMENT ON CORPORATE GOVERNANCE AT REY RESOURCES

This statement reports on Rey Resources' key governance principles, practices and framework as at 30 June 2011. These principles and practices are reviewed annually and revised as appropriate to reflect changes in law and good practice in corporate governance.

ASX PRINCIPLES OF CORPORATE GOVERNANCE

Rey Resources, as a listed entity, must comply with the Corporations Act 2001 (Cth) ("Corporations Act"), the Australian Securities Exchange ("ASX") Listing Rules ("ASX Listing Rules") and other Australian securities laws.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the Corporate Governance Principles and Recommendations ("ASX Principles") released by the ASX Corporate Governance Council. The ASX Principles require the Board to consider the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles.

COMPLIANCE WITH ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Details of the Company's compliance with the ASX Principles are set out below. A checklist, cross referencing the ASX Principles to the relevant section of this Statement and the Remuneration Report, is provided on pages 26 and 27 of this Report and published on the Company's website at www.reyresources.com.

1 THE BOARD OF DIRECTORS

(a) Board Composition and Expertise

A number of changes to the Board have occurred during the financial year to ensure it maintains an appropriate range of relevant industry experience, operational, financial and other skills and expertise to meet its objectives.

The current Board composition includes four independent directors and two executive directors. Details on each director's backgrounds including experience, knowledge and skills and their status as an independent or non-independent director are set out on pages 30 to 32 of this Report.

The Board considers that the non-executive and executive directors collectively bring the range of skills, knowledge and experience necessary to direct the Company.

In assessing the composition of the Board, the directors have regard to the following policies:

- The Chairman should be non-executive
- The role of the Chairman and Managing Director should not be filled by the same person
- The Managing Director should be a full-time employee of the Company
- The Board should include a majority of independent non-executive directors.

(b) Board Role and Responsibilities

The Board Charter outlines the matters that are reserved for the Board and those that the Board has delegated to management. The central role of the Board is to oversee and approve the Company's strategic direction, to select and appoint a Managing Director, to oversee the Company's management and business activities and report to shareholders.

In addition to matters required by law to be approved by the Board, the following powers are reserved to the Board for decision:

- Strategy – providing strategic oversight and approving strategic plans and initiatives
- Board performance and composition – evaluating the performance of non-executive directors, and determining the size and composition of the Board as well as recommending to shareholders the appointment and removal of directors
- Leadership selection – evaluating the performance of, and selection of, the Managing Director and those executives reporting directly to the Managing Director
- Corporate responsibility – considering the safety, ethical and environmental impacts of Rey Resources' activities, and setting policy and monitoring compliance with safety and corporate policies and practices
- Financial performance – approving Rey Resources' annual operating plans and budget, monitoring management, financial and operational performance
- Financial reports to shareholders – approving annual and half-year reports and disclosures to the market that contain, or relate to, financial projections, statements as to future financial performance or changes to the policy or strategy of the Company
- Risk management – providing oversight of risk management and setting risk management policy
- Establishing procedures – ensuring that the Board is in a position to exercise its power and to discharge its responsibilities as set out in the Board Charter.

The Board also recognises its responsibilities to Rey Resources' employees, the communities and environments within which Rey Resources operates and, where relevant, other stakeholders.

Responsibility for management of Rey Resources' business activities is delegated to the Managing Director who is accountable to the Board.

The Board Charter is available in the corporate charters section of Rey Resources' website.

(c) Chairman

The Board elects one of the independent, non-executive directors to be Chairman. The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the promotion of relations between Board members and between Board and management that are open, cordial and conducive to productive co-operation.

Mr Lenegan was appointed as Non-Executive Chairman on 29 November 2010.

(d) Director Independence

The independence of a director will be assessed by determining whether the director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

Mr Kevin Wilson and Ms Maree Arnason are not regarded as independent due to their executive responsibilities.

(e) Directors' Retirement and Re-election

Rey Resources' Constitution states that at each annual general meeting one third of directors (rounded down to the nearest whole number and excluding the Managing Director), and any other director who has held office for three or more years (excluding the Managing Director) since their last election must retire.

Any director appointed to fill a casual vacancy since the date of the previous annual general meeting must submit themselves to shareholders for election at the next annual general meeting. Directors who retire as required may offer themselves for re-election by shareholders. Re-appointment of directors retiring by rotation or filling a casual vacancy is not automatic.

Mr Lenegan, Ms Arnason, Mr Clark and Mr Graefe were appointed as additional directors subsequent to the 2010 Annual General Meeting and will seek election as directors in accordance with the Company's Constitution at the Annual General Meeting to be held in November 2011.

(f) Board Succession Planning

The Board, in conjunction with the Remuneration and Nomination Committee, reviews the size and composition of the Board and the mix of existing and desired competencies across members from time to time.

(g) Board Performance Evaluation

The Board undertakes ongoing self-assessment and review of the performance of the Board and individual directors at least every two years. The Chairman of the Board is responsible for determining the process for evaluating Board performance.

The performance of the Board is informally reviewed as required and will be formally reviewed in the current financial year.

(h) Nominations and Appointment of New Directors

Recommendations for nomination of new directors are considered by the Remuneration and Nomination Committee and approved by the Board as a whole.

(i) Professional Advice

Directors may, in carrying out their Company-related duties, seek external professional advice. If external professional advice is sought, a director is entitled to reimbursement of all reasonable costs where such a request for advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by at least two Board members.

(j) Conflicts of Interest

Directors are required to disclose any actual or potential conflict or material personal interests on appointment as a director and are required to keep these disclosures up to date.

In the event that there is, or may be, a conflict between the personal or other interests of a director, then the director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter. When the matter comes before the Board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision making process.

(k) Terms of Appointment, Induction Training and Continuing Education

All new directors are provided with a formal letter of appointment setting out the key terms and conditions of the appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work.

An induction is provided to all new directors. It includes comprehensive meetings with the Managing Director, key executives and management, and information on key corporate and Board policies.

All directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate.

(l) Directors' Remuneration

Details of remuneration paid to directors are set out in the Remuneration Report.

(m) Board Meetings

The Managing Director sets the agenda for each meeting in conjunction with the Chairman and the Company Secretary. Any director may request additional matters be added to the agenda. Members of senior management attend meetings of the Board by invitation and sessions are also held for non-executive directors to meet without management present.

(n) Company Secretaries

The Company appointed Mr Glen Smith and Mr Krishna Kulshreshtha as joint company secretaries in November 2010.

Mr Smith is a qualified company secretary and member of Chartered Secretaries Australia (CSA). Mr Smith is responsible for the main secretarial function including providing advice to directors and executives on corporate governance and regulatory matters, recording minutes of directors' and committee meetings, administering Rey Resources' corporate governance framework and giving effect to the Board's decisions.

Mr Kulshreshtha is a certified practicing account and also serves as the Company's financial controller.

All directors have access to advice from the company secretaries.

2 BOARD COMMITTEES

(a) Board Committees and Membership

The Board currently has three standing committees to assist in the discharge of its responsibilities.

These are the:

- Audit and Risk Committee
- Remuneration and Nomination Committee (formerly the Remuneration Committee)
- Sustainability Committee (which was formed in March 2011).

The charters of all Board committees, detailing the roles and duties of each are available in the corporate charters section of Rey Resources' website. All Board committee charters are reviewed at least annually.

The membership of each Board committee is as follows:

Audit and Risk Committee	Remuneration and Nomination Committee	Sustainability Committee
Ronnie Beevor (Chair)	Charlie Lenegan (Chair)	Charlie Lenegan (Chair)
James McClements	Ronnie Beevor	(new appointment to be confirmed)
Alan Humphris	Alan Humphris	

Following the appointment of Messrs Clark and Graefe and retirements of Messrs McClements and Humphris as Non-Executive Directors, the composition of the Board committees will change during October 2011.

Committee members are chosen for the skills, experience and other qualities they bring to the committees. Executive directors and management attend various Board committee meetings by invitation.

Following each committee meeting, generally at the next Board meeting, the Board is given a verbal update by the Chair of each committee. In addition, minutes of all committee meetings are provided to all directors.

The Company Secretary provides secretariat services for each committee.

(b) Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, internal control structure, financial risk management procedures and external audit function. In doing so, it is the Committee's responsibility to maintain free and open communication between the Committee and the external auditors and the management of Rey Resources.

The Audit Committee is composed of three independent non-executive directors.

The external auditors, the Managing Director and the Financial Controller attend Committee meetings by invitation. The Committee meets at least twice per year.

(c) Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to assist the Board by reviewing and recommending Rey Resources' remuneration policies and practices and the appointment of non-executive directors to the Board. The Committee's responsibilities include:

- Assessment of the necessary and desirable competencies of Board members
- Review of Board succession plans
- Review of the Company's remuneration framework, which is used to attract, retain and motivate employees to achieve operational excellence and create value for shareholders
- Review of the remuneration packages and incentive schemes for the Managing Director and senior executives to establish rewards which are fair and responsible having regard to the Company's strategic goals, individual performance and general remuneration conditions
- Review of the performance and succession planning for the Managing Director.

The Managing Director attends Committee meetings by invitation. The Committee meets at least twice per year.

(d) Sustainability Committee

The role of the Sustainability Committee is to assist the Board in the effective discharge of its responsibilities in relation to health, safety, environmental and community (HSEC) issues for Rey Resources, and the oversight of risks relating to these issues.

(e) Board and Committee Meetings during Financial Year 2011

Refer to page 33 of the Directors' Report for details of meetings held and attended during the 2011 financial year.

3 EXTERNAL AUDITOR RELATIONSHIP AND INDEPENDENCE

(a) Approach to Audit and Governance

The Board is committed to the basic principles that:

- Rey Resources' financial reports represent a true and fair view
- Rey Resources' accounting practices are comprehensive, relevant and comply with applicable accounting standards and policies
- The external auditor is independent and serves shareholders' interests.

(b) External Auditor Relationship

Rey Resources' independent external auditor is KPMG. KPMG was appointed by shareholders at the 2010 Annual General Meeting in accordance with the Corporations Act.

The Board requires the rotation of the audit partner at least every five years and prohibits the reinvolvement of a previous audit partner in the audit service for two years following their rotation.

The Audit and Risk Committee oversees the terms of engagement of Rey Resources' external auditor, including provisions directed at maintaining the independence of the external auditor and in assessing whether the provision of any proposed non-audit services by the external auditor is appropriate.

4 RISK MANAGEMENT AND INTERNAL CONTROL

(a) Approach to Risk Management

The Board and senior executives are responsible for overseeing the implementation of the Company's Risk Oversight Policy.

The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems.

(b) Risk Management Roles and Responsibilities

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with those risks and opportunities.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include:

- The Board receives regular updates on key risks associated with the development of the Company's Duchess Paradise Project
- The implementation of Board-approved annual operating budgets and plans which are continually monitored against the actual cost and progress
- Ensuring the executive management team develops policies, processes and procedures to identify risks and mitigation strategies in Rey Resources' activities.

The Company's Risk Oversight Policy is available on the corporate policies section of Rey Resources' website.

(c) Managing Director and Financial Controller Assurance on Corporate Reporting

The Board receives monthly management reports on the financial condition and operational results of Rey Resources.

The Managing Director and Financial Controller provide, at the end of each half yearly period, a formal statement confirming that the Company's financial reports present a true and fair view, in all material respects, and the group's financial condition and operational results have been prepared accordance with the relevant accounting standards.

The statement also confirms the integrity of the Company's financial statements and notes to the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies approved by the Board, and that Rey Resources' risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

5 PROMOTING ETHICAL AND RESPONSIBLE BEHAVIOUR

(a) Occupational Health and Safety

The Board has approved an Occupational Health and Safety Policy consistent with Rey Resources' commitment to standards of occupational health and safety management at its Duchess Paradise Project in Derby. The health, safety and wellbeing of Rey Resources' people, contractors, suppliers, visitors and host communities are key values for the Company.

The Company's Occupational Health and Safety Policy is available in the corporate policies section of Rey Resources' website.

(b) Environment

Rey Resources is subject to significant environmental regulation in respect to its evaluation and development activities and has developed an Environment Policy that aims to facilitate an appropriate standard of environmental care and to ensure that the Company complies with environmental legislation.

The Company's Environment Policy is available in the corporate policies section of Rey Resources' website.

(c) Code of Conduct

The Board has approved a Code of Conduct that applies to Directors, management and staff which describes the standards of ethical behaviour that directors and employees are required to maintain.

Compliance with the Code of Conduct will also assist Rey Resources in effectively managing its operating risks and meeting its legal and compliance obligations.

A copy of the Code of Conduct is available in the corporate policies section of Rey Resources' website.

(d) Ethical Behaviour

With the relative small employee base at this stage of the Company's development, management is charged with the responsibility of ensuring all employees are committed to maintaining an open working environment in which employees are able to report instances of unsafe work practices, unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

(e) Securities Trading Policy

Rey Resources' Share Trading Policy is binding on all directors and employees. This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for or who are associated with Rey Resources, and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The policy stipulates that the only appropriate time for a director or employee to deal in the Company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market. A director wishing to deal in the Company's securities may only do so after first having received approval from the Chairman. All staff wishing to deal must obtain approval from the Managing Director. Confirmation of any dealing must also be given by the director or employee to the Company Secretary within two business days after the dealing.

Trading in the Company's securities is also subject to specified blackout periods, which are set out in the Company's Securities Trading Policy or as otherwise determined by the Board from time to time.

A copy of the Company's Securities Trading Policy is available in the corporate policies section of Rey Resources' website.

6 SHAREHOLDERS AND CORPORATE RESPONSIBILITY

Rey Resources aims to produce positive outcomes for all stakeholders in managing its business and to maximise financial, social and environmental value from its activities.

In practice, this means having a commitment to transparency, fair dealing, responsible treatment of employees and customers and positive links into the community.

Sustainable and responsible business practices within Rey Resources are viewed as an important long term driver of performance and shareholder value. Through such practices, Rey Resources seeks to reduce operational and reputation risk and enhance operational efficiency while contributing to a more sustainable society.

(a) Continuous Disclosure

Rey Resources is committed to maintaining a level of disclosure that meets the highest standards and provides all investors with timely and equal access to information.

Rey Resources' Continuous Disclosure Policy reinforces Rey Resources' commitment to ASX continuous disclosure requirements and outlines management's accountabilities and the processes to be followed for ensuring compliance. The policy also describes Rey Resources' guiding principles for market communications.

A copy of the Continuous Disclosure Policy is available in the corporate policies section of Rey Resources' website.

(b) Shareholder Communications and Participation

Rey Resources is committed to giving all shareholders comprehensive, timely and equal access to information about its activities so that they can make informed decisions. Similarly, prospective investors are entitled to be able to make informed investment decisions when considering the purchase of shares in Rey Resources.

A range of communication approaches are employed including direct communications with shareholders and presentations to shareholders at the Company's AGM. Publication of all relevant Company information, including the Company's annual report, can be found in the shareholder centre section of Rey Resources' website at www.reyresources.com.

Rey Resources communicates effectively with its shareholders, giving them timely access to balanced and understandable information about Rey Resources and encouraging shareholder participation at shareholder meetings. The way it does this includes:

- Ensuring that financial reports are prepared in accordance with applicable laws
- Ensuring the disclosure of full and timely information about Rey Resources' activities in accordance with the general and continuous disclosure principles of the ASX Listing Rules and the Corporations Act 2001. This includes reporting on a quarterly basis the activities and prospects of the Company
- The Chairman and Managing Director reporting to shareholders at the Company's AGM
- Placing all market announcements (including quarterly reports and financial reports) on Rey Resources' website as soon as practicable following release
- Ensuring that reports, notices of meetings and other shareholder communications are prepared in a clear and concise manner.

An official Shareholder Communications Policy will be implemented during the current financial year.

7 DIVERSITY

On 30 June 2010, the ASX Corporate Governance Council introduced a number of new recommendations in respect of diversity. These changes apply for financial years commencing on or after 1 January 2011, being the financial year ending 30 June 2012 for Rey Resources.

The Company is committed to developing a diverse workforce and providing a work environment in which all employees are treated fairly and with respect. To this end, the Company has in place an Employee Policy which details its commitment to being an equal opportunity employer. The Company will establish a formal Diversity Policy during the current year.

ASX CORPORATE GOVERNANCE COMPLIANCE STATEMENT

All References are to the Company's ASX Principles Compliance Statement, Director's Report and Remuneration Report, which are set out in the Company's 2011 Annual Report.

Principle	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations	Reference	Compliance
1	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	1b	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Remuneration report	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	1b, Remuneration report	Comply
2	**Structure the Board to add value**		
2.1	A majority of the Board should be independent directors.	1a, 1d	Comply
2.2	The chair should be an independent director.	1c	Comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	1a	Comply
2.4	The Board should establish a nomination committee.	1h, 2c	Comply
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	1g, 2a	Comply
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	1a, 1g 1i, 2a Directors' Report	Comply
3	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: – the practices necessary to maintain confidence in the company's integrity; and – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	5c, 5d	Comply
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	5e	Comply
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	5c, 5d, 5e	Comply

Principle	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations	Reference	Compliance
4	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	2b	Comply
4.2	The audit committee should be structured so that it: – consists only non-executive directors; – consists of a majority of independent directors; – is chaired by an independent chair, who is not chair of the Board; – and has at least three members.	2a, 2b 2a, 2b 2a 2a, 2b	Comply
4.3	The audit committee should have a formal charter.	2 a	Comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	2a, 3b Directors' Report	Comply
5	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance and ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	6, 6a	Comply
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	6a	Comply
6	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	6b	Non-Compliant
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	6b	Partially-Compliant
7	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	2b, 4a, 4b	Comply
7.2	The board should require management to design and implement the risk management and internal control systems to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	4b	Comply
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	4c	Comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	4b,4c, Directors' Report	Comply
8	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee.	2a, 2c, Remuneration Report	Comply
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Remuneration Report	Comply
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	2a, 5e Directors' Report, Remuneration Report	Comply

FINANCIAL REPORT CONTENTS

DIRECTORS' REPORT

1 DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Charlie Lenegan, (Chairman, Independent Non-Executive, appointed on 29 November 2010)

Kevin Wilson (Managing Director, Executive)

Alan Humphris (Director, Independent Non-Executive)

James McClements (Director, Independent Non-Executive)

Ronnie Beevor, (Director, Independent Non-Executive, appointed on 2 August 2010)

Maree Arnason (Strategy Director, Executive, appointed on 7 April 2011)

Julian Ludowici (Chairman, Independent Non-Executive, resigned on 29 November 2010)

Bill McIntosh (Director, Independent Non-Executive, appointed on 21 February 2011, resigned on 6 April 2011)

Bruce Preston (Technical Director, Executive, resigned on 6 April 2011)

Details of directors' qualifications, experience, special responsibilities and details of directorships of other listed companies can be found on pages 30 to 32.

2 INFORMATION ON DIRECTORS AND OFFICERS

Directors	Designation & Independence status	Experience, expertise & qualifications	Directorships of other ASX listed companies during the last three years	Special responsibilities during the year
Current				
Charlie Lenegan Appointed on 29 November 2010	Chairman Independent Non-Executive	Qualifications – BSc Economics (Hons) Mr Lenegan is a former Managing Director of Rio Tinto Australia. He has had a distinguished 27 year career with Rio Tinto where he held various senior management positions across a range of commodities and geographies. His responsibilities at Rio Tinto included senior roles in various feasibility studies and in the planning and development of the Kaltim Prima Coal mine in Indonesia and the Argyle Diamond mine in Australia. His experience also extends to senior operating roles at the Tarong Coal mine in Queensland and the Kelian Gold mine in Indonesia. He is a former Chairman of the Minerals Council of Australia, a former President of the Australian Mines and Metals Association and a former Board member of the Business Council of Australia.	• OZ Minerals Limited (February 2010, ongoing)	• Chairman of the Board since 29 November 2010 • Chairman of the Remuneration and Nomination Committee since 29 November 2010 • Chairman of the Sustainability Committee since 22 March 2011
Kevin Wilson Appointed on 9 August 2007	Managing Director Executive	Qualifications – BSc (Hons), ARSM, MBA Mr Wilson has over 25 years' experience in the minerals and finance industries. He was previously the Managing Director of Leviathan Resources Limited, a Victorian gold mining company, from its IPO in 2005 through to its sale in 2006. His experience includes eight years as a geologist with the Anglo American Group in Africa and North America; and 14 years as a stockbroking analyst and investment banker with CS First Boston and Merrill Lynch in Australia and New York.	• Navarre Minerals (March 2011, ongoing)	• Managing Director since 9 August 2007
Alan Humphris Appointed on 27 July 2004	Director Independent Non-Executive	Qualifications – BSc, BEc, MA (Laws) Hons (UK), FCPA Mr Humphris is a merchant banker with more than 25 years' experience in Australia and offshore markets specialising in corporate finance and advisory services. He is Managing Director of Balmoral Capital Pty Limited, a boutique merchant banking firm. Previously he was an Executive Director of Hambros Australia Limited and Head of Hambros Corporate Finance, and earlier he was a Director of JP Morgan Australia Limited. Mr Humphris has had significant experience in the resources sector in both advisory and Non-Executive Director roles.	• ASF Group Limited (September 2007, ongoing)	• Member of the Audit & Risk Committee since 27 July 2004

Directors	Designation & Independence status	Experience, expertise & qualifications	Directorships of other ASX listed companies during the last three years	Special responsibilities during the year
Current				
James McClements Appointed on 29 August 2007	Director Independent Non-Executive	Qualifications – BEcon (Hons) Mr McClements co-founded Resources Capital Funds (RCF) in 1998 and oversees all aspects of fund management, including the development and implementation of investment strategy as well as oversight of investment, divestment and management decisions regarding portfolio companies. Prior to launching RCF, he was a natural resources sector banker with N.M. Rothschild in Australia and the United States, and with Standard Chartered Bank. He began his professional career with BHP Limited.	• Murchison Metals Limited (May 2007, ongoing) • Bannerman Resources Limited (December 2008 to May 2011)	• Member of the Audit & Risk Committee since 23 February 2011
Ronnie Beevor Appointed on 2 August 2010	Director Independent Non-Executive	Qualifications – BA (Hons) Mr Beevor is an investment banker and is a Senior Advisor to Gryphon Partners, having previously been Head of Investment Banking at NM Rothschild & Sons (Australia) Limited between 1997 and 2002. He has had extensive involvement in the natural resources industry, both in Australia and internationally. He was formerly a non-executive director of ASX-listed Oxiana Limited which successfully developed the Sepon gold-copper project in Laos as well as the Prominent Hill copper-gold deposit in South Australia. Mr Beevor is Chairman of AIM-listed EMED Mining Public Limited and a non-executive director of , Ampella Mining Limited, Bannerman Resources Limited, New World Energy Limited, QMAG Limited, Talison Lithium Limited and Unity Mining Limited	• Ampella Mining Limited (July 2011, ongoing) • Bannerman Resources Limited (July 2009, ongoing) • Unity Mining Limited (formerly Bendigo Mining Limited) (November 2002, ongoing) • OZ Minerals Limited (April 2002 to June 2009)	• Chairman of the Audit & Risk Committee since 3 March 2011 • Member of the Remuneration and Nomination Committee since 3 March 2011
Maree Arnason Appointed on 7 April 2011	Strategy Director Executive	Qualifications – BA Ms Arnason has over 25 years' experience working across the resource, energy and manufacturing sectors in Australia and New Zealand and has worked with Rey Resources in an advisory capacity over the last three years. Ms Arnason has held senior leadership roles in remote and corporate environments with BHP Iron Ore, BHP Billiton, Carter Holt Harvey, SCA, Wesfarmers Energy, CITIC Pacific Mining and has recently operated a strategy consultancy business advising several resource projects in Western Australia. Ms Arnason is member of the Australian Institute of Company Directors, a National Director of the Australia China Business Council and a member of the Western Australian Branch Executive. Maree is also an Executive Director of a private company, Energy Access Services, which launched an energy trading platform for the Western Australian wholesale gas market in late 2010.	None	None

Directors	Designation & Independence status	Experience, expertise & qualifications	Directorships of other ASX listed companies during the last three years	Special responsibilities during the year
Former				
Julian Ludowici Appointed on 16 February 2004 and resigned on 29 November 2011	Chairman Independent, Non-Executive	Mr Ludowici has been a listed company director for 25 years. He was previously the Managing Director and Chairman of Customers Limited, resigning in June 2005. He is a director of Ludowici Limited, a mid-sized Australian business that supplies capital equipment and industrial consumables to the mining industry in Australia and internationally. He was also responsible for the establishment of BeMax Resources.	• Ludowici Limited (September 1988, ongoing)	• Former Chairman of the Board to 29 November 2010
Bill McIntosh Appointed on 21 February 2011 and resigned on 6 April 2011	Director Independent Non-Executive	Mr McIntosh has extensive experience in both the coal industry and in project developments within Australia and overseas. He has held senior roles in the Kaltim Prima Coal and INCO projects in Indonesia as well as BP Coal, Mobil Energy Minerals Australia and Utah Development Company (Now part of BHP Billiton).	None	• Former Member of the Sustainability Committee to 6 April 2011
Bruce Preston Appointed on 27 July 2004 and resigned on 6 April 2011	Technical Director Executive	Dr Preston is a geophysicist with over 10 years' experience in mineral exploration and evaluation in Australia and Asia Pacific, followed by 14 years as a mining research analyst/advisor in stockbroking and funds management. He has extensive knowledge of the mining sector and commodity markets.	None	• Former Member of the Audit & Risk Committee to 3 March 2011

3 COMPANY SECRETARIES

Mr Glen Smith (B.Com, ACIS) was appointed to the position of Joint Company Secretary on 29 November 2010. Mr Smith is the current Company Secretary at ASX:TSX listed company Bannerman Resources Limited, and previously held the role of Company Secretary with ERG Limited.

Mr Krishna Kulshreshtha (CPA, M.Acc, B.Com (Hons)), was appointed to the position of Joint Company Secretary on 29 November 2010. Mr Kulshreshtha previously held a Finance Manager position with ASX:TSX listed company Anvil Mining Ltd till October 2010. He is currently responsible for the financial controls in Rey Resources.

4 DIRECTORS' ATTENDANCE AT MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board		Audit and Risk Committee		Remuneration Committee		Sustainability Committee	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Charlie Lenegan	11	11	-	-	4	4	1	1
Kevin Wilson	18	18	-	-	-	-	-	-
Alan Humphris	16	18	4	4	-	-	-	-
James McClements	10	18	1	3	-	-	-	-
Ronnie Beevor	16	17	4	4	4	4	-	-
Maree Arnason	3	3	-	-	-	-	-	-
Julian Ludowici	6	7	-	-	-	-	-	-
Bill McIntosh	3	3	-	-	-	-	1	1
Bruce Preston	15	15	1	1	-	-	-	-

A - Number of meetings attended

B - Number of meetings held during the time the director held office or was a member of the relevant committee during the year

5 DIRECTORS' INTERESTS IN SECURITIES IN REY RESOURCES

The relevant interest of each director in the ordinary shares of Rey Resources Limited at the date of this report is set out as below:

	Ordinary shares	Options over ordinary shares	Performance Rights
Charlie Lenegan	–	–	–
Kevin Wilson	4,485,006	3,000,000	800,000
Alan Humphris	3,495,254	–	150,000
James McClements	10,532,452	–	150,000
Ronnie Beevor	1,952,149	–	150,000
Maree Arnason	74,000	–	3,000,000*

* subject to shareholder approval

6 REMUNERATION REPORT – AUDITED

This Remuneration Report outlines the director and executive remuneration arrangements for Rey Resources Limited in accordance with the requirements of the Corporations Act 2001 and its Regulations. The information in the report has been audited as required by Section 308(3C) of the Act.

6.1 Principles of Compensation

For the purpose of this report Key Management Personnel ("KMP") are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company, and includes (up to) the five executives receiving the highest remuneration. An 'Executive' is a person who makes, or participates in making decisions that affect the whole, or a substantial part, of the business of the Company, or has the capacity to affect significantly the Company's financial standing.

Based on these definitions, the officers listed under Key Management Personnel below are included in the report. The report also provides an explanation of Rey Resources' remuneration policy and structure, details of remuneration paid to Key Management (including directors), an analysis of the relationship between company performance and executive remuneration payments, details of share-based payments, and the key terms of executive employment contracts.

2011 Key Management Personnel

The KMP of Rey Resources Limited during the year ended 30 June 2011 were:

Non Executive	
Charlie Lenegan	Chairman (appointed 29 November 2010)
Ronnie Beevor	Non-executive director (appointed 2 August 2010)
Alan Humphris	Non-executive director
Julian Ludowici	Former Chairman (retired 29 November 2010)
James McClements	Non-executive director
Bill McIntosh	Non-executive director (appointed 21 February 2011; resigned 6 April 2011)
Executive	
Kevin Wilson	Managing Director
Maree Arnason	Executive Director – Strategy (appointed 7 April 2011)
Ron Hite	Project Director
Bruce Preston	Technical Director (resigned as a director 6 April 2011)

Remuneration Policy

The successful performance of the Company is dependent on the quality and performance of directors and executives, so the focus of the remuneration policy is to attract, retain and motivate highly competent people to these roles.

Four broad principles govern the remuneration strategy of the Company:

1 To set demanding levels of performance for senior management and to align their remuneration with the achievement of clearly defined targets.

2 To provide market competitive remuneration and conditions in an increasingly tight market for high quality directors and executives, particularly in Western Australia

3 To align remuneration with the creation of shareholder value and the achievement of company strategy, objectives and performance.

4 To be able to differentiate reward based on performance, in particular acknowledging the contribution of outstanding performers.

The Company seeks to provide fixed remuneration at the median level of the markets in which it competes for talent, and to provide the opportunity for a higher than median level of variable reward for those individuals who make an outstanding contribution to the success of the business.

The Remuneration and Nomination Committee is responsible for advising the Board on matters relating to the remuneration of the directors, senior executives and employees of the Company, including making recommendations in relation to the remuneration framework of the company and the fees and remuneration paid to directors and executives.

The Committee seeks independent remuneration advice from time to time, and subscribes to relevant market survey data for the purposes of external comparison.

Hedging policy

The Company's Securities Trading Policy prohibits all directors and employees from entering into arrangements to protect the value of unvested LTI awards. The prohibition includes entering into contracts to hedge their exposure to options awarded as part of their remuneration package.

Executive Remuneration Components

Executive remuneration is structured so that it supports the key remuneration principles outlined above, and motivates executives towards achievement of the annual objectives and longer term success of the company. A Total Fixed Remuneration ("TFR") is paid which considers external market comparisons and individual performance. Performance linked compensation is available through the short term and long term incentive plans outlined below.

Fixed remuneration

Executives receive an annualised TFR from which they must have deducted statutory superannuation. They may elect to salary sacrifice further superannuation contributions and other benefits such as a motor vehicle. Accommodation assistance and medical insurance may be provided for employees from overseas or interstate where it is necessary to be able to attract key talent. An annual review of TFR is undertaken in July each year and reflects market movements and individual performance.

Short term incentive

The objective of the short term incentive plan is to align the achievement of the Company's annual targets with the performance of those executives who have key responsibility for achieving those targets. The participants in the plan currently are the Managing Director and the Executive Director – Strategy.

It provides for a cash payment for meeting established targets for a number of key business measures during the financial year. These include completion of key project milestones, executing funding strategies, business and organisation development, increasing resource status and improving safety performance.

In the year ended 30 June 2011 financial year the Managing Director was eligible for a short-term incentive payment between nil and $80,000, with the maximum representing about 24% of total fixed remuneration. The maximum payment was awarded, reflecting successful completion of the Definitive Feasibility Study, good progress in respect of agreements, permits and approvals, the upgrading of resource and reserve estimates and successful financing of the business activities. In the year ended 30 June 2012, the Managing Director will be eligible for a target level short-term incentive payment of 20% of total fixed remuneration, up to a maximum of 40% for outstanding performance. The Executive Director – Strategy was appointed in April 2011 and the short-term incentive assessment will apply for the half year ending 31 December 2011, to a maximum of $50,000, representing about 13% of annual total fixed remuneration.

Long term incentive

During the year an executive option plan was replaced by the Rey Resources Limited Incentive Rights Plan ("Rights Plan"), which was approved at the 2010 Annual General Meeting. The Rights Plan aligns the reward of the participants with the long term creation of shareholder value. In the year ended 30 June 2011 the participants were restricted to the non-executive directors, the Managing Director and three senior managers. As explained below under non-executive director Fees the Board is seeking shareholder approval at the 2011 Annual General Meeting for a separate Rights Plan for non-executive directors.

The Rights Plan enables participants to be granted rights to acquire shares subject to the satisfaction of certain conditions. Subject to adjustments for any bonus issues of shares and capital reorganisations, one share will be issued on the exercise of each right which vests or becomes exercisable. No amount is payable by employees in respect of the grant or exercise of rights. The amount for executives is based on a target percentage of their Total Fixed Remuneration, and includes a performance component based on the achievement of key milestones and a retention component.

The performance component for non-executive directors is based on the Company's Total Shareholder Return ("TSR") over the measurement period for each tranche of share rights, with full vesting occurring if the TSR exceeds 20%.

Relationship Between Company Performance and Remuneration

The objective of the Company's remuneration structure is to reward and incentivise the directors and executives so as to ensure alignment with the interests of the shareholders. The remuneration structure also seeks to reward directors and executives for their contribution in a manner that is appropriate for a company at this stage of its development. As outlined elsewhere in this Report, the remuneration structure incorporates fixed, annual at risk and long term incentive components.

For shareholders, the key measure of value is TSR. Other than general market conditions, the key drivers of value for the Company and a summary of performance are provided in the table below.

Driver	Status
Upgrades to the resource base	Resource Upgrade issued April 2011. Reserve Statement issued June 2011.

Driver	Status
Progress towards development of a successful long term operation based on the Company's resources Effective engagement with key stakeholders to secure successful development of the long term project	Mining Lease application submitted December 2010. Definitive Feasibility Study completed June 2011. Environmental permitting process commenced June 2011. Ongoing discussions with Traditional Owners to obtain required approvals.
Seeking opportunities to generate further value through business development, corporate development and funding strategies.	Ongoing discussions with third parties regarding business development. Optimisation work for proposed project identified – to be followed up in the year ending 30 June 2012. Funding secured for exploration, feasibility study and corporate activities in the year ending 30 June 2012.

At this stage in the development of the Company successful execution of the above drivers is the mechanism through which shareholder wealth will be created.

The only relevant financial measure at this point in the Company's development is share price for which the history is presented below.

	2011	2010	2009	2008	2007	2006
Closing Share Price 30th June	$0.190	$0.115	$0.130	$0.360	$0.091	$0.13

Non-Executive Director Fees

The policy on non-executive director (NED) fees is to apply a remuneration framework which is appropriate for a company at this stage of its development. A fixed annual fee, established by reference to the market, is paid in cash and NEDs also participate in a Share Performance Rights Plan to recognise their role in guiding the Company through the exploration, evaluation, development and operations start up stages of development.

The Company established a single Share Performance Rights Plan to cover its NEDs and participating executives in 2010, and this Plan was approved by shareholders at the 2010 Annual General Meeting. Following the completion of a Definitive Feasibility Study at the Company's Duchess Paradise thermal coal project the company is focusing on the next phase of its development and, in accordance with ASX Corporate Governance Principle 8, it is now appropriate to separate the structure of NED remuneration from that of executives. As a result, shareholder approval will be sought for separate Share Performance Rights Plans for NEDs and executives in 2011, with annual future awards under these plans

Approval will also be sought for the award of 400,000 Share Performance Rights to the Chairman, Mr C Lenegan in accordance with his letter of appointment.

An aggregate fee limit for NED fees of $400,000 was approved at the 2010 Annual General Meeting. The Board will seek shareholder approval to increase this amount from time to time as appropriate based on market relativities and the size of the Board to ensure that it can continue to attract high quality board members. No change is currently proposed to the aggregate fee limit.

The following table summarises the fees currently payable to NEDs effective 1 July 2011.

	Main Board Fee	Audit & Risk Committee	Remuneration and Nomination Committee	Sustainability Committee
Chairman	$120,000	$10,000	$5,000*	$5,000*
Other non-executive directors	$50,000	–	–	–

Note: Fees include superannuation.

* No fee payable as Committee is chaired by the Board Chairman.

6.2 Directors' and Executive Officers' Remuneration

The table below sets out the remuneration of the KMP identified in the 2011 and 2010 Annual Reports.

	Short Term Benefits				Post-employment benefits		Share based payments	Termination Benefits	Total	Percentage Performance Related
	Cash salary and Fees	Annual Incentive	Non-monetary benefits	Other	Super	Other benefits	Shares/ options	Termination Payments		
Name	$	$	$	$	$	$	$	$	$	%
C Lenegan (Chairman – appointed 29 November 2010)										
2011	65,067	–	–	–	5,856	–	–	–	70,923	–
2010	–	–	–	–	–	–	–	–	–	–
R Beevor (Non-executive director – appointed 2 August 2010)										
2011	38,750	–	–	–	–	–	6,705	–	45,455	15
2010	–	–	–	–	–	–	–	–	–	–
A Humphris (Non-executive director)										
2011	40,917	–	–	–	3,682	–	7,163	–	51,762	14
2010	36,100	–	–	–	2,250	–	–	–	38,350	–
J Ludowici (Chairman, retired 29 November, 2010) [1]										
2011	160,250	–	–	–	21,786	–	–	100,000	282,036	–
2010	113,633	–	–	–	10,227	–	–	–	123,860	–
J McClements (Non-executive director)										
2011	40,000	–	–	–	3,600	–	7,163	–	50,763	14
2010	25,000	–	–	–	2,250	–	–	–	27,250	–

Name	Short Term Benefits				Post-employment benefits		Share based payments	Termination Benefits	Total	Percentage Performance Related
	Cash salary and Fees	Annual Incentive	Non-monetary benefits	Other	Super	Other benefits	Shares/ options	Termination Payments		
	$	$	$	$	$	$	$	$	$	%
B McIntosh (Non-executive director – appointed 21 February 2011, resigned 6 April 2011)										
2011	4,093	–	–	–	368	–	–	–	4,461	–
2010	–	–	–	–	–	–	–	–	–	–
K Wilson (Managing Director) [2]										
2011	300,478	80,000	–	–	27,043	–	170,488	–	578,009	43
2010	225,000	310,000	–	–	20,250	–	74,950	–	630,200	61
M Arnason (Executive Director – Strategy – appointed 7 April 2011)										
2011	80,549	–	–	–	7,249	–	–	–	87,799	–
2010	–	–	–	–	–	–	–	–	–	–
R Hite (Project Director) [3]										
2011	343,749	–	136,967	–	–	–	592,141	–	1,072,857	55
2010	–	–	–	–	–	–	–	–	–	–
B Preston (Technical Director)										
2011	165,000	–	–	–	14,850	–	–	–	179,850	–
2010	165,000	–	–	–	14,850	–	–	–	179,850	–
TOTAL										
2011	1,238,853	80,000	136,967	–	84,435	–	783,660	100,000	2,423,915	36
2010	564,733	310,000	–	–	49,827	–	74,950	–	999,510	39

Notes:

1 $100,000 in "Termination payments" is a payment of approximately 12 months' salary as an agreed payment, which included consideration for Mr Ludowici's provision of executive and director services to the Company.

2 $310,000 is STI for both 2009 and 2010 performance periods.

3 $136,967 relates to cost to provide a car loan and medical insurance (including FBT) to Mr. Hite.

6.3 Equity Instruments

6.3.1 Rights Over Equity Instruments Granted as Compensation

Details on rights over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on rights that vested during the reporting period are as follows:

	Number of rights granted during FY 2011	Grant Date	Fair value per share at grant date	Expiry date	Number of rights vested during FY 2011
Directors					
R Beevor	150,000	29 Nov 2010	$0.19	30 Jun 2014	–
J McClements	150,000	29 Nov 2010	$0.19	30 Jun 2014	–
A Humphris	150,000	29 Nov 2010	$0.19	30 Jun 2014	–
Executives					
K Wilson	800,000	29 Nov 2010	$0.19	30 Jun 2014	–
R Hite	1,147,000	11 May 2011	$0.29	31 Dec 2012	1,147,000
R Hite	484,333	11 May 2011	$0.29	30 Jun 2013	–
R Hite	968,667	11 May 2011	$0.29	30 Jun 2014	–

No rights have been granted since the end of the financial year. The rights were provided at no cost to the recipients. The rights are issued as either retention rights, linked to ongoing employment service with the Company, or performance rights, which are conditional on the Company achieving certain performance hurdles.

6.3.2 Modification of Terms of Equity-Settled Share-Based Payment Transaction

No terms of equity-settled share-based transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

6.3.3 Exercise of Options Granted as Compensation

During the reporting period the following shares were issued on the exercise of options previously granted as compensation:

	Number of Shares	Amount Paid $/share
Executives		
K Wilson	1,000,000	$0.087

There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2011 financial year.

6.3.4 Analysis of Options and Rights Over Equity Instruments Granted as Compensation

Details of the vesting profiles of the options and rights granted as remuneration to each key management person of the Company are detailed below.

	Number	Grant Date	% vested in year	% expired in year	Financial years in which grant vests
Directors					
Share rights					
R Beevor	150,000	29 Nov 2010	–	–	2014
A Humphris	150,000	29 Nov 2010	–	–	2014
J McClements	150,000	29 Nov 2010	–	–	2014
Executives					
Options					
K Wilson	1,000,000	24 Jun 2008	–	–	2009
	1,000,000	24 Jun 2008	–	–	2009
	1,000,000	24 Jun 2008	–	–	2010
	1,000,000	24 Jun 2008	100%	–	2011
	500,000	26 Nov 2008	–	100%	2011
	500,000	26 Nov 2008	100%	–	2011
	500,000	26 Nov 2008	–	–	2012
	500,000	26 Nov 2008	–	–	2013
Share rights					
R Hite	1,147,000	11 May 2011	100%	–	2011
R Hite	484,333	11 May 2011	–	–	2014
R Hite	968,667	11 May 2011	–	–	2013

Subsequent to year end, 1,500,000 options lapsed in accordance with their terms of issue.

6.3.5 Analysis of Movements in Options/Rights

The movement during the reporting period, by value, of options/rights over ordinary shares in the Company held be each key management person is detailed below.

	Granted in year $	Value of options/rights exercised in year $	Lapsed in year $
Directors			
Share rights			
R Beevor	$28,650	–	–
A Humphris	$28,650	–	–
J McClements	$28,650	–	–
Executives			
Options			
K Wilson	–	$53,000	$3,497
Share rights			
K Wilson	$152,800	–	–
R Hite	$754,000	$332,630	–

6.5 Key Employment Contracts

The table below summarises the key contractual provisions of the executive Key Management Personnel.

Name and Position	Contract Term	Termination by Company*	Termination by Executive
Kevin Wilson Managing Director	Ongoing	6 months' notice or payment in lieu. Pro-rata Annual Incentive is paid. Unvested Long Term Incentive vests.	6 months' notice or payment in lieu. If terminate within 6 months of a Fundamental Change receives 6 months TFR at termination date. # Board discretion to pay pro-rata Annual Incentive and unvested Long Term Incentive.
Maree Arnason Strategy Director	Ongoing	6 months' notice or payment in lieu.	3 months' notice or payment in lieu.
Ron Hite Project Director	Ongoing	6 months' notice or payment in lieu.	3 months' notice or payment in lieu. 6 months' notice in the event of a Change of Control.

Name and Position	Contract Term	Termination by Company*	Termination by Executive
Bruce Preston Technical Director	Fixed Term expiring 31 December 2011	Statutory minimum.	Not specified.

* All executives may be terminated immediately for serious misconduct, with payment of TFR and accrued leave up until the termination date.

A fundamental change occurs if the company's shares are suspended from trading, the company is delisted, or Mr Wilson is required to undertake a materially different role.

Non-executive directors are engaged by a letter of appointment for a term as stated in the constitution of the Company. They are able to resign from office with reasonable notice to the Chairman. Non-executive directors receive annual fees, and may be eligible to participate in equity plans as detailed in this report. There are no additional post-employment benefits.

7 PRINCIPAL ACTIVITIES

The principal activity of Rey Resources during the financial year was exploration and evaluation of thermal coal in the Canning Basin, Western Australia.

8 RESULTS FOR THE YEAR AND REVIEW OF OPERATIONS

Drilling at Duchess Paradise during the first half of the year provided an upgraded and expanded thermal coal resource of which part was the basis for a maiden reserve estimation.

The Company raised $12 million via a placement of 60 million shares to new and existing institutional investors in December 2010. Following year end, the Company raised a further $8 million via a placement of 40 million shares to new and existing institutional and sophisticated clients of Euroz Securities Limited and Sinonew Capital Advisory during July and August 2011.

9 DIVIDENDS

No dividend has been paid or declared by the Company during the financial year ended 30 June 2011 (2010: nil) and the Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2011.

10 SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

A definitive feasibility study was undertaken during the year, based on part of the Duchess Paradise resource, and completed in June 2011.

On 29 November 2010, and following the retirement of Mr Julian Ludowici, Mr Charlie Lenegan was appointed as Chairman of the Company.

11 LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Future information about the likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated group.

12 PERFORMANCE RIGHTS OVER UNISSUED SHARES

Performance Rights on Issue

During the year 4,873,000 (2010: nil) performance rights were issued to directors and senior executives under the terms of the Company's Long Term Incentive Plan as approved by shareholders on 29 November 2010, and since the end of the financial period no performance rights have been issued. Performance rights have no exercise price on vesting.

As at the date of this report there are 3,150,000 performance rights on issue. Details of performance rights over unissued shares in Rey Resources Limited as at the date of this report are set out below:

Class	Number	Grant Date	Expiry Date
Director Performance Rights	1,250,000	29 November 2010	30 June 2014
Executive Performance Rights (Tranche 2)	1,266,667	11 May 2011	30 June 2014
Executive Performance Rights (Tranche 3)	633,333	11 May 2011	30 June 2013

Performance Rights vested, forfeited or lapsed

During the financial period executives became entitled to 1,723,000 ordinary fully paid shares on the vesting of 1,723,000 Tranche 1 executive performance rights following successful completion of the definitive feasibility study. These shares were issued in July 2011 for no consideration. During or since the end of the financial year no performance rights were forfeited, cancelled or lapsed.

13 OPTIONS OVER UNISSUED SHARES

Options on Issue

As at the date of this report there are 3,000,000 options on issue. No options were issued during or since the end of the financial period. No option holder has any right under the terms of the options to participate in any other share issue of the Company.

Details of options over unissued shares in Rey Resources Limited as at the date of this report are set out below:

Class	Number	Exercise Price	Grant Date	Expiry Date
Unlisted Options	1,000,000	$0.20	24 June 2008	9 August 2012
Unlisted Options	1,000,000	$0.30	24 June 2008	9 August 2013
Unlisted Options	500,000	$0.40	26 November 2008	9 August 2012
Unlisted Options	500,000	$0.50	26 November 2008	9 August 2013

Options exercised, forfeited or lapsed

During or since the end of the financial period 1,000,000 ordinary fully paid shares were issued at $0.0871 per share on the exercise of options. 1,500,000 options lapsed in accordance with their terms of issue in August 2011.

14 ENVIRONMENTAL DISCLOSURE

The Group's operations are subject to various laws governing the protection of the environment in areas such as air and water quality, waste emission and disposal, environmental impact assessments, mine rehabilitation and access to, and use of, ground water. In particular, some operations are required to be licensed to conduct certain activities under the environmental protection legislation in the state in which they operate and such licences include requirements specific to the subject site.

So far as the directors are aware, there have been no material breaches of the Company's licences and all exploration activities have been undertaken in compliance with the relevant environmental regulations.

15 INDEMNITIES AND INSURANCE

During the financial year, the Company paid a premium to insure the directors and officers of the Company against liabilities incurred in the performance of their duties. Under the terms and conditions of the insurance contract, the premium paid cannot be disclosed.

The officers of the Company covered by the insurance policy include any person acting in the course of duties for the Company who is, or was, a director, company secretary or senior manager within the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers, in their capacity as officers, of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

16 SUBSEQUENT EVENTS

Following year end, the Company raised a further $8 million via a placement of 40 million shares to new and existing institutional and sophisticated clients of Euroz Securities Limited and Sinonew Capital Advisory during July and August 2011.

17 PROCEEDINGS ON BEHALF OF THE COMPANY

At the date of this report, there are no leave applications or proceedings brought on behalf of the Company under section 237 of the Corporations Act 2001.

18 ROUNDING

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order 98/100, amounts included in the consolidated financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

19 NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, has performed certain other services in relation to tax advisory and compliance in addition to their statutory duties, refer to note 25.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2011 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor
- The non-audit services provided do no undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

20 AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 47 and forms part of the *directors' report for the financial year* ended 30 June 2011.

Signed in accordance with a resolution of directors.

Charlie Lenegan
Chairman
Perth, Western Australia
25 August 2011

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Rey Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

KPMG

R Gambitta
Partner

Perth
25 August 2011

KPMG, an Australian partnership and a member firm of the KPMG network
of independent member firms affiliated with KPMG International, a Swiss cooperative.

Consolidated statement of financial position
As at 30 June 2011

in thousands of dollars	*Note*	30 June 2011	30 June 2010
ASSETS			
Current assets			
Cash and cash equivalents	*8*	3,315	10,515
Trade and other receivables	*9*	1,159	218
Prepayments		180	46
Total current assets		**4,654**	**10,779**
Non-current assets			
Trade and other receivables	*9*	737	533
Property, plant and equipment	*10*	205	148
Exploration and evaluation expenditure	*11*	25,696	10,753
Total non-current assets		**26,638**	**11,434**
Total assets		**31,292**	**22,213**
LIABILITIES			
Current liabilities			
Trade and other payables	*12*	2,713	653
Loans and borrowings	*13*	8	8
Provisions	*14*	230	51
Total current liabilities		**2,951**	**712**
Non-current liabilities			
Loans and borrowings	*13*	33	42
Provisions	*14*	13	–
Total non-current liabilities		**46**	**42**
Total liabilities		**2,997**	**754**
Net assets		**28,295**	**21,459**
EQUITY			
Share capital	*15*	43,273	31,676
Reserves	*16*	1,753	1,182
Accumulated losses		(16,731)	(11,399)
Total equity attributable to equity holders of the Company		**28,295**	**21,459**

The notes on pages 52 to 87 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 30 June 2011

in thousands of dollars	*Note*	30 June 2011	30 June 2010
Other income	4	351	204
Exploration impairment		(759)	(27)
Administrative expenses	5	(5,910)	(2,964)
Loss from operations		**(6,318)**	**(2,787)**
Finance income	4	353	340
Net finance income		**353**	**340**
Loss before income tax		**(5,965)**	**(2,447)**
Income tax benefit	6	633	–
Loss for the year, attributable to owners of the Company		(5,332)	(2,447)
Other comprehensive income/(loss)			
Foreign currency translation differences – foreign operations		–	(13)
Foreign currency translation reserve of subsidiary disposed		(269)	–
Other comprehensive income/(loss) for the year, net of income tax		(269)	(13)
Total comprehensive loss for the year, attributable to owners of the Company		(5,601)	(2,460)
Loss per share			
Basic and diluted (cents per share)	7	(1.82)	(1.09)

The notes on pages 52 to 87 are an integral part of these consolidated financial statements

	Attributable to equity holders of the Company				
in thousands of dollars	**Share capital**	**Translation reserve**	**Share based payment reserve**	**Accumulated losses**	**Total equity**
Balance at 1 July 2009	14,996	256	837	(8,952)	7,137
Loss for the year	–	–	–	(2,447)	(2,447)
Total other comprehensive income	–	13	–	–	13
Total comprehensive loss for the year	–	13	–	(2,447)	(2,434)
Transactions with owners of the Company, recorded directly in equity					
Issue of ordinary shares	17,755	–	–	–	17,755
Less: Transaction costs	(1,075)	–	–	–	(1,075)
Share-based payment transactions	–	–	76	–	76
Total transactions with owners	16,680	–	76	–	16,756
Balance 30 June 2010	31,676	269	913	(11,399)	21,459
Loss for the year	–	–	–	(5,332)	(5,332)
Total other comprehensive income	–	(269)	–	–	(269)
Total comprehensive loss for the year	–	(269)	–	(5,332)	(5,601)
Transactions with owners of the Company, recorded directly in equity					
Issue of ordinary shares	12,059	–	–	–	12,059
less: Transaction costs	(601)	–	–	–	(601)
Share-based payment transactions	139	–	840	–	979
Total transactions with owners	11,597	–	840	–	12,437
Balance 30 June 2011	**43,273**	**–**	**1,753**	**(16,731)**	**28,295**

The notes on pages 52 to 87 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 30 June 2011

in thousands of dollars	***Note***	**30 June 2011**	**30 June 2010**
Cash flows from operating activities			
Other income received		–	1
Cash paid to suppliers and employees		(4,013)	(2,827)
Net cash used in operating activities	***8b***	**(4,013)**	**(2,826)**
Cash flows from investing activities			
Interest received		472	338
Proceeds from disposal of subsidiary		–	200
Payments for property, plant and equipment		(122)	(53)
Payments for exploration expenditure		(15,014)	(4,351)
Net cash used in investing activities		**(14,664)**	**(3,866)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares (net of costs)		11,399	16,679
Proceeds from exercise of share options		87	–
Repayments of loans and borrowings		(9)	–
Net cash from/(used in) financing activities		**11,477**	**16,679**
Net (decrease)/increase in cash and cash equivalents		(7,200)	9,987
Cash and cash equivalents at the beginning of the year		10,515	528
Cash and cash equivalents at the end of the year	***8a***	**3,315**	**10,515**

The notes on pages 52 to 87 are an integral part of these consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

1 REPORTING ENTITY

Rey Resources Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 1121 Hay Street, West Perth, Western Australia, 6005. The consolidated financial statements of the Company as at and for the year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as "Rey Resources" or the "Group"). The Group primarily is involved in mineral exploration and mineral project evaluation.

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including the Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB"), and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorised for issue by the Board of Directors on 25 August 2011.

(b) Going concern

The Directors have prepared the financial statements on a going concern basis which contemplates the realisation of assets and payment of liabilities in the normal course of business. The Group has no debt obligations. The Group incurred a loss for the year of $5.3 million. The Group successfully raised $11.4 million (net of costs) in December 2010 and will be required to raise additional funds in order to meet its budgeted expenditure for the year ending 30 June 2012.

On 1 July 2011, the Company announced a placement for 40 million fully paid ordinary shares at $0.20 per Share to raise $8.0 million before costs ("Placement"). The Placement to institutional and sophisticated investors was made in two tranches. The second tranche of 33.3 million shares required shareholder approval and this was obtained at an Extraordinary General Meeting of shareholders on 5 August 2011. The funds were received in July and August 2011.

The Company has engaged advisors to assist in the sourcing of funds to support the next phase of the development of Duchess Paradise. If there are delays in securing funding for planned activities for the year ending 30 June 2012, the Company has contingency plans in place to scale back its activities until the funding is in place. The scaled back activities can be funded from the existing resources through to August 2012.

Directors continue to manage the Group's activities with due regard to current and future funding requirements. On this basis the directors believe the financial statements should be prepared on a going concern basis.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(e) Use of estimates and judgements

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions, estimates and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 20.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Rey Resources Limited and its subsidiaries:

(i) Subsidiaries

Subsidiaries are entities controlled by the Group's parent entity. Control refers to the power of governing the operating and financial policies of an entity so as to obtain benefits from its activities. Control is presumed when the parent acquires more than half of the voting rights of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions Eliminated on Consolidation

Intercompany transactions, balances and unrealised gains and expenses on transactions between companies of the consolidated entity are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Non derivative financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

(i) Non-Derivative Financial Assets

The Group initially recognises loans and receivables and deposits on the date that they are originated.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Non-derivative Financial Liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(iii) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(d) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated depreciation rates for the current and comparative years are as follows:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20 – 40%
Fixtures and fittings	10 – 30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(e) Exploration and development assets

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest.

At the end of each reporting period, the capitalised exploration and evaluation expenditure is assessed for impairment. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of the site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plants, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Impairment

(i) Non-derivative Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on the terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payments status of the borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables and held-to maturity securities

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

At each reporting date, the Group assesses the carrying values of its non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

The recoverable amount of an asset or cash-generating unit ("CGU") unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

(g) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-cost. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(i) Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Share-Based Payment Transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- Temporary differences related to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Rey Resources Limited.

(j) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options and share performance rights granted to employees.

(k) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(n) Determination of fair values

(i) Share-Based Payment Transactions

The fair value of the directors performance rights is measured using Monte Carlo Sampling. The fair value of the executive rights is measured with reference to the share price at grant date. The fair value of the employee share options are measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(o) New standards and interpretations not yet adopted

The following standards, amendment to standard and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report.

(i) AASB 9 *Financial Instruments* includes requirement for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASM 139 *Financial Instruments: Recognition and Measurement*. AASB will become mandatory for the Company's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Company has not yet determined the potential effect of the standard.

(ii) AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Company's 30 June 2012 financial statements, are not expected to have any impact of the financial statements.

(iii) AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2012 financial statements, are not expected to have significant impact on the financial statements.

4 OTHER INCOME AND FINANCE INCOME

in thousands of dollars	**2011**	**2010**
Other income		
Profit on disposal of subsidiary	28	200
Reversal of foreign currency translation on reserve on subsidiary disposed	269	–
Other income	**54**	**4**
	351	**204**
Finance income		
Interest income	353	340
	353	**340**

5 ADMINISTRATIVE EXPENSES

in thousands of dollars	**2011**	**2010**
Office supplies and expenses	482	349
Professional and consulting fees	1,386	1,295
Employee benefits expense (see below)	2,519	646
Depreciation and amortisation expense	43	13
Foreign exchange loss	(3)	19
Impairment of receivable	–	189
Insurance premiums	240	–
Other expenses	1,243	453
	5,910	**2,964**
Employee benefits expense consists of:		
Equity-settled share-based payments	979	76
Other	1,540	570
	2,519	**646**

6 INCOME TAX EXPENSE

in thousands of dollars	2011	2010
Income tax recognised in profit or loss		
Current tax expense/(benefit)		
Current period	(6,204)	(1,824)
Under (over) provided in prior years*	(633)	–
	(6,837)	**(1,824)**
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	4,554	1,116
Current year losses for which no deferred tax asset was recognised	1,650	708
	6,204	1,824
Total income tax (benefit)/expense	**(633)**	**–**

* This relates to the research and development claim lodged for tax year ended 30 June 2010

Reconciliation of prima facie tax on accounting loss before tax to income tax (benefit)/expense

in thousands of dollars	2011	2010
Accounting loss before tax	(5,965)	(2,447)
At statutory income tax rate of 30% (2010: 30%)	(1,790)	(734)
Effect of tax rates in foreign jurisdictions	–	3
Non-deductible expenses*	140	23
Tax losses for which no deferred tax asset was recognised	1,650	708
Under (over) provided in prior periods	(633)	–
	(633)	**–**

* This relates primarily to non-deductible share based payment expenses.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

in thousands of dollars	**2011**	**2010**	**2011**	**2010**
Deferred tax liabilities				
Exploration and evaluation expenditure	(7,709)	(2,892)	(4,817)	(1,116)
Other	(44)	(307)	263	–
Gross deferred tax liability	(7,753)	(3,199)		
Deferred tax assets				
Tax loss carry-forwards	7,603	3,199	–	–
Other	150	–	–	–
Gross deferred tax asset	7,753	3,199		
Net deferred tax asset/(liability)	–	–		
Deferred tax (expense)/benefit			**(4,554)**	**(1,116)**

Tax losses

At 30 June 2011, the Group has tax losses arising in Australia of $35,718,266 (2010: $15,039,236) that are available indefinitely for offset against future taxable income. The Group has not recognised a deferred tax asset in relation to these tax losses (other than an offset to the deferred tax liability) as realisation of the benefit is not regarded as probable.

Tax consolidation

Rey Resources Limited and its 100% owned Australian resident subsidiaries formed a tax-consolidated Group during the financial year ended 30 June 2011. The first consolidated income tax return for the Group was filed for the tax year ended 30 June 2010. Rey Resources Limited is the head entity of the tax-consolidated group.

7 EARNINGS PER SHARE

in thousands of dollars	2011	2010
a. Reconciliation of earnings to profit or loss		
Loss attributable to owners of the Company	(5,332)	(2,447)
Loss used to calculate basic and diluted EPS	(5,332)	(2,447)
	No.	**No.**
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	292,992,742	224,861,489
c. Basic and diluted loss per share (cents per share)	(1.82)	(1.09)

At 30 June 2011, the Company's potential ordinary shares, being its 4,500,000 options (2010: 6,150,000) and 4,873,000 share performance rights (2010: Nil) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

8a CASH AND CASH EQUIVALENTS

in thousands of dollars	2011	2010
Cash at bank and in hand	3,315	10,515
Cash and cash equivalents	3,315	10,515

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 22.

8b RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

in thousands of dollars	2011	2010
Cash flows from operating activities		
Loss for the period	(5,332)	(2,447)
Adjustments for:		
Depreciation	43	13
Reversal of foreign currency translation reserve	(269)	–
Impairment of capitalised exploration expenditure	759	27
Impairment of receivable	–	189
Loss on disposal of assets	34	–
Net gain on disposal of subsidiary	(28)	(200)
Equity-settled share-based payment expense	979	76
Income tax benefit	(633)	–
Foreign exchange loss/(gain)	(3)	19
Interest income	(409)	(339)
	(4,859)	**(2,662)**
(Increase)/decrease in trade and other receivables	(34)	(580)
(Increase)/decrease in prepayments	(94)	(41)
Increase/(decrease) in trade and other payables	782	431
Increase/(decrease) in provisions and employee benefits	192	26
Net cash used in operating activities	**(4,013)**	**(2,826)**

9 TRADE AND OTHER RECEIVABLES

in thousands of dollars	2011	2010
Other receivables	526	533
Research and development benefit	633	–
	1,159	533
Deposits	737	218
	1,896	**751**
Current	1,159	218
Non-current	737	533
	1,896	**751**

Change in classification

During the current year the Group reclassified financial assets which were previously incorrectly classified as available-for-sale financial assets as at 30 June 2010 ($22,000). This has been transferred to current trade and other receivables. Total deposits of $533,000 were reclassified from current assets to non-current trade and other receivables.

10 PROPERTY, PLANT AND EQUIPMENT

in thousands of dollars	2011	2010
Furniture and fittings		
At cost	–	42
Accumulated depreciation	–	(8)
	–	**34**
Plant and equipment		
At cost	261	160
Accumulated depreciation	(56)	(46)
	205	**114**
Total Property, plant and equipment	**205**	**148**

Movements in carrying amounts:

in thousands of dollars	**Furniture and fittings**	**Plant and equipment**	**Total**
Balance at 1 July 2009	34	36	70
Additions	3	94	97
Disposals	–	–	–
Depreciation expense	(3)	(11)	(14)
Capitalised depreciation	–	(5)	(5)
Balance at 30 June 2010	34	114	148
Additions	–	134	134
Disposals	(34)	–	(34)
Depreciation expense	–	(43)	(43)
Capitalised depreciation	–	–	–
Balance at 30 June 2011	**–**	**205**	**205**

Change in classification

During the current year the Group reclassified computer software which was previously classified as intangible assets to plant and equipment. Comparative amounts (carrying amount of $8,000 at 30 June 2010) were reclassified for consistency.

11 EXPLORATION AND EVALUATION EXPENDITURE

in thousands of dollars	**2011**	**2010**
At cost	26,482	10,780
Accumulated impairment losses	(786)	(27)
	25,696	**10,753**

Movements in carrying amount:

in thousands of dollars	**2011**	**2010**
Opening balance	10,753	6,424
Current year expenditure capitalised	15,702	4,356
Impairment	(759)	(27)
	25,696	**10,753**

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or evaluation phase is dependent on successful development and commercial exploitation, or alternatively sale of the respective areas.

Blackfin Pty Ltd ("Blackfin"), a subsidiary of the Company, lodged applications for exemption from expenditure in relation to 11 of its exploration licences (E04/1515-1518, E04/1520-1525 and E04/1529) for the 2009 expenditure year. Mineralogy Pty Ltd ("Mineralogy") lodged objections to the applications for exemption from expenditure and forfeiture applications affecting the 11 exploration licences ("Mineralogy Proceedings"). While the tenements, which are the subject of the application, cover areas of strategic interest to Rey Resources, they do not relate to Rey Resource's Duchess Paradise Project.

By the exemption applications, Blackfin claims that it is entitled to be exempt from incurring the required expenditure amount associated with the tenements on various grounds. Following the hearing of the exemption applications the Warden will recommend to the Minister the grant or refusal of the certificates of exemption from expenditure.

By the forfeiture applications, Mineralogy is claiming that Blackfin has failed to comply with its expenditure obligations, and such failure is of sufficient gravity to justify forfeiture of the tenements.

The parties will have an opportunity to provide submissions to the Minister regarding the recommendations of the Warden following the hearings of the applications for exemption and the forfeiture applications.

On hearing the applications for forfeiture, the Warden can dismiss the applications, recommend that a tenement (or tenements) be forfeited or impose a fine of up to $10,000 per tenement. The Company is vigorously defending the applications for forfeiture and, on the basis of the past and planned expenditure on the Canning Basin Coal tenements (and further expenditure it has incurred), the Company considers that it will successfully defend the applications.

No conclusion has yet been reached and the matters are set for further hearings by the Warden no earlier than 1 August 2011. The carrying value of the exploration and evaluation expenditure at 30 June 2011 is $3.1 million pertaining to the 11 tenements.

12 TRADE AND OTHER PAYABLES

in thousands of dollars	2011	2010
Unsecured liabilities		
Trade payables	2,190	106
Sundry payables and accrued expenses	523	547
	2,713	**653**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

13 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's and Group's exposure to interest rate, foreign currency and liquidity risk, see note 22.

in thousands of dollars	2011	2010
Current liabilities		
Hire purchase	8	8
	8	**8**
Non-current liabilities		
Hire purchase	33	42
	33	**42**
Total current and non-current liabilities		
Hire purchase	41	50
	41	**50**
Carrying amounts of non-current assets pledged as security are:		
Plant and equipment	**36**	**50**

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

in thousands of dollars				30 June 2011		30 June 2010	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Hire purchase liabilities	AUD	10.95%	2015	51	36	51	50
				51	**36**	**51**	**50**

The bank loan is secured over a vehicle with a carrying amount of $35,000 (2010: $50,000).

14 PROVISIONS

in thousands of dollars	2011	2010
Current		
Employee benefits	150	51
Other	80	–
	230	**51**
Non-current		
Employee benefits	13	–
	13	**–**

15 ISSUED CAPITAL

in thousands of dollars	*Note*	2011	2010
320,439,445 (2010: 258,639,445) fully paid ordinary shares		43,273	31,676
		43,273	**31,676**

The company does not have a limited amount of authorised capital and issued shares do not have a par value. Ordinary shares participate in the proceeds on winding up of the parent entity in proportion to the numbers of shares held.

Movements in shares on issue

	2011		2010	
	Number	**$'000**	**Number**	**$'000**
On issue at the beginning of the year	258,639,445	31,676	153,032,748	14,996
Shares issued during the year:				
– 23 July 2009	–	–	30,606,697	2,755
– 2 December 2009	–	–	75,000,000	15,000
– 6 August 2010	1,000,000	87	–	–
– 8 August 2010	1,000,000	139	–	–
– 17 August 2010	(200,000)	(28)	–	–
– 10 December 2010	60,000,000	12,000	–	–
Transaction costs relating to share issues	–	(601)	–	(1,075)
On issue at the end of the year	**320,439,445**	**43,273**	**258,639,445**	**31,676**

On 23 July 2009 the Company issued 30,606,697 ordinary shares at 9 cents each to shareholders on the basis of 1 share for every 5 shares held raising $2.7 million (before costs).

On 2 December 2009 the Company undertook both a placement of shares and a share purchase plan, issuing 75,000,000 ordinary shares at an issue price of 20 cents per share raising $15 million (before costs).

On 6 August 2010, 1,000,000 options were exercised at an exercise price of 8.71 cents per ordinary share.

On 8 August 2010, the Company issued 1,000,000 shares to a key management personnel as per the employment contract.

On 17 August 2010, the Company received 200,000 shares as consideration for the sale of the Rey Investments Chile Limitada.

On 10 December 2010, the Company undertook a placement of shares, issuing 60,000,000 ordinary shares at an issue price of 20 cents per share raising $12.0 million (before costs).

Options and share performance rights

For information relating to the Rey Resources Limited employee option plan and share performance rights plan, including numbers granted, exercised and lapsed during the financial year and the numbers outstanding at year-end, refer to note 20.

16 RESERVES

Translation reserve

The translation reserve comprises of all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share based payments reserve

The share based payments reserve records the fair values recognised in accounting for employee share options and share rights awarded as share-based payments.

17 COMMITMENTS

(a) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

in thousands of dollars	**2011**	**2010**
Not later than one year	140	218
Later than one year but not later than five years	561	505
	701	**723**

(b) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by tenements licenses and acquisition agreements. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable:

in thousands of dollars	**2011**	**2010**
Not later than one year	3,171	2,520
Later than one year but not later than five years	3,774	4,048
	6,945	**6,568**

18 GROUP ENTITIES

Consolidated subsidiaries

	Country of incorporation	Ownership interest	
		2011	**2010**
Blackfin Pty Limited	Australia	100%	100%
Rey Kimberley Pty Limited	Australia	100%	100%
Rey Derby Pty Limited	Australia	100%	100%
Rey Derby Operations Pty Limited (a)	Australia	100%	0%
Rey Investments Chile Limitada (b)	Chile	0%	100% (b)
Rey Resources Peru S.A. (b)	Peru	0%	100% (b)

(a) On 20 May 2011, Rey Derby Operations Pty Limited (100% subsidiary of Rey Resources Limited) was incorporated.

(b) On 17 August 2010, the parent entity disposed of its 99% interest in Rey Investments Chile Limitada and Rey Resources Peru S.A.

19 JOINT VENTURE INTERESTS

Participation and joint venture operating agreements in respect of two Exploration Permit Applications, EP10/04-5 and EP11/04-5, were finalised on August 2007 with Gujarat NRE Mineral Resources Limited ("Gujarat") and Gujarat NRE Oil Pty Limited.

In January 2008, Gujarat and Rey Resources entered into an agreement by which Gujarat paid $275,000 to Rey Resources as consideration for a 90% interest in two Petroleum Exploration Permits (EP 457 and EP 458) ("Petroleum Permits). Gujarat is obliged to spend $4.85 million over six years on the Petroleum Permits and Rey Resources will retain a 10% interest in the permits which is carried free until the grant of a petroleum production licences, after which the parties are to contribute according to their interest. Under the joint venture arrangement, Gujarat is responsible as operator for execution of the exploration workplan. Rey Resources is free carried (by loan) until a production licence is granted. Gujarat did not complete the agreed workplan and has applied for a suspension from the Department of Mines and Petroleum. No liability or expenses have been incurred by the Group.

During the quarter ended December 2010, Gujarat, as operator, reported to Rey Resources that it was unable to gain access to the ground the subject of the Petroleum Permits to undertake planned seismic activities due to heritage obligations. Gujarat applied for, and was granted, a 12 month suspension and extension of the work program obligations in relation to each of the Petroleum Permits by the Western Australian Department of Mines and Petroleum.

20 SHARE-BASED PAYMENTS

(a) Description of the share-based payment arrangements

The Group has the following share-based payment arrangements:

Share option programme (equity-settled)

On 2 June 2006, the Group established a share option programme that entitles key management personnel ("KMP") to purchase shares in the Company. The plan is subject to ASX listing rules. In accordance with these programmes, options are exercisable at the market price of the Share at the date of the grant.

Share performance rights programme (equity-settled)

On 29 November 2010, the Group established a share performance rights programme. The plan enables eligible participants to be granted rights to acquire Shares subject to the satisfaction of certain conditions. Subject to adjustments for any bonus issues of Shares and capital reorganisations, one Share will be issued on the exercise of each right which vests or becomes exercisable. No amount is payable by employees in respect of the grant or exercise or rights.

The plan operates through a series of incentive rights offers. The Board in its absolute discretion will determine in respect of each offer, eligible employees to whom offers will be made. The Board will determine the terms and conditions that will apply to each offer, that may also vary between offers.

Two types of incentive rights may be offered under this plan:

(i) Share retention rights which vest based on completion of a period of service; and

(ii) Share performance rights which vest based on the achievement of certain performance objectives.

The number of share retention rights offered to a participant will be calculated by applying the following formula:

$$\text{Number of share retention rights} = \frac{\text{Base Salary x Target Retention LTI\%}}{\text{Right Value}}$$

The number of share performance rights offered to a participant will be calculated by applying the following formula:

$$\text{Number of share retention rights} = \frac{\text{Base Salary x Target Performance LTI\%}}{\text{Adjusted Right Value}}$$

There is an annual measurement period applicable to each tranche in each offer under the plan.

The measurement period relates to the period in which service and performance conditions must be satisfied for the incentive rights to vest.

Share Rights allocated to Directors are subject to Absolute Total Shareholder Return ("TSR") test and the employee remaining in employment during the measurement periods.

The measurement period that relate to share rights allocated to directors are:

- First test period: 1 July 2010 to 30 June 2013
- Second test period: 1 July 2010 to 30 June 2014.

At the end of the measurement period (either first or second), the following vesting scale will be applied to the share rights given to directors. This will be based on the compound annual growth rate over the relevant period. The retest pf provision only applies if none of the share rights for directors vest at the end of the First Test Period.

Vesting Scale:

Performance Level	Compound Annual Rate of the Company's TSR Over the Measurement Period	Vesting%
<Threshold	<10%	0%
Threshold	10%	25%
>Threshold & <Target	>10% & <15%	Pro rata
Target	15%	50%
>Target & <Stretch	>15% & <20%	Pro rata
Stretch	≥20%	100%

In relation to the share rights granted to the executive key management personnel, the Board will determine the service and/or performance conditions that need to be satisfied for incentive rights to vest along with the relationship between the various potential levels of performance and levels of vesting that may occur. Performance conditions will be determined by the Board for each tranche of each offer and may vary between offers.

Following the end of the measurement period, the Board will determine for each tranche of incentive rights to which the measurement period applies, the extent to which they vest. If the incentive rights in a tranche have not vested and there is no opportunity for those incentive rights to vest at a later date, they lapse.

(b) Share-option programme

Terms and conditions of share-option programme

The terms and conditions relating to the grants of the share-option programme are as follows:

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Option grant to KMP on 24 June 2008	1,000,000	Vest on 9 February 2009	3.126 years
Option grant to KMP on 24 June 2008	1,000,000	Vest on 9 August 2009	4.129 years
Option grant to KMP on 24 June 2008	1,000,000	Vest on 9 August 2010	5.129 years
Option grant to KMP on 26 November 2008	500,000	Vest on 9 August 2010	2.701 years
Option grant to KMP on 26 November 2008	500,000	Vest on 9 August 2011	3.701 years
Option grant to KMP on 26 November 2008	500,000	Vest on 9 August 2012	4.704 years
Total	**4,500,000**		

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price ($)	Number of options	Weighted average exercise price ($)	Number of options
in thousands of dollars	**2011**	**2011**	**2010**	**2010**
Outstanding at 1 July	0.26	6,150,000	0.25	7,150,000
Forfeited during the period	–	–	0.20	(1,000,000)
Exercised during the period	0.10	(1,000,000)	–	–
Expired during the year	0.33	(650,000)	–	–
Granted during the period	–	–	–	–
Outstanding at 30 June	0.28	4,500,000	0.26	6,150,000
Exercisable at 30 June	0.24	3,500,000	0.18	3,600,000

The options outstanding at 30 June 2011 have an exercise price in the range of $0.15 to $0.50 and a weighted average remaining contractual life of 1.127 years.

(c) Share rights programme

Terms and conditions of share rights programme

The terms and conditions relating to the grants of the share rights are as follows:

Grant date/employees entitled	Number of instruments in thousands	Vesting conditions	Contractual life of rights
Rights grant to Directors on 29 November 2010	1,250,000	Subject to the Company's absolute total shareholder return over the measurement period 1 July 2010 to 30 June 2013	3 years
Rights grant to KMP on 11 May 2011	1,723,000	Subject to satisfaction of a Board approved definitive feasibility study between the measurement period of 1 July 2010 and 31 December 2012	2.5 years
Rights grant to KMP on 11 May 2011	1,266,667	Subject to satisfaction of a Board approved mining operation between the measurement period of 1 July 2010 and 30 June 2014	4 years
Rights grant to KMP on 11 May 2011	633,333	Subject to continuous employment to 30 June 2013	3 years
Total	**4,873,000**		

The number and weighted average exercise prices of share performance rights are as follows:

in thousands of dollars	Weighted average exercise price ($) 2011	Number 2011	Weighted average exercise price ($) 2010	Number 2010
Outstanding at 1 July	–	–	–	–
Granted during the period	–	4,873,000	–	–
Outstanding at 30 June	–	4,873,000	–	–

No share rights have been forfeited or exercised.

Inputs for measurement of grant date fair values

The grant date fair value of the rights granted, the vesting conditions of which were subject to the Company's absolute total shareholder return over the measurement period 1 July 2010 to 30 June 2013, was measured based on Monte Carlo simulation model. The grant date fair value of other share-based payments was measured based on the fair value of the shares on the grant date and for options issued fair value was measured based on the Black-Scholes valuation model.

The inputs used in the measurement of the fair values at grant date of the share-based payment plans, which were subject to the vesting conditions relating to the Company's absolute total shareholder return are the following:

Valuation of Director Performance Rights (DPR)

Grant Date	29 November 2010
Start of measurement period	1 July 2010
End of first DPR measurement period	30 June 2013
End of second DPR measurement period	30 June 2014
Spot price at start of measurement period ($)	$0.125
Share price at grant date	$0.220
Volatility of share (%)	100.0
Risk free rate (4.0 years) (%)	5 .3
Expected life (years)	4 .0
DPR Fair Value at Grant Date ($/DPR)	0.1910

The inputs used in the measurement of the fair values at grant date of the share-based payment plans, which were not subject to the vesting conditions resulting to the Company's absolute total shareholder return are the following:

Valuation of Executive Rights (ER)

Tranches	Vesting conditions	Start of measurement period	End of measurement period	Fair Value at Grant Date ($/ER)
Tranche 1	Satisfaction of a Board approved definite feasibility study	1 July 2010	31 December 2012	0.29
Tranche 2	Satisfaction of a Board approved mining operation	1 July 2010	30 June 2014	0.29
Tranche 3	Continuous employment	1 July 2010	30 June 2013	0.29

Tranche 1 share rights vested on 24 June 2011 after the Board approved definitive feasibility study.

21 RELATED PARTIES

(a) Parent entity

The parent entity within the Group is Rey Resources Limited.

(b) Subsidiaries

Interests in subsidiaries is set out in note 18.

(c) Key management personnel compensation

Disclosures relating to compensation of the key management personnel compensation comprised:

in dollars	**2011**	**2010**
Short-term employee benefits	1,555,820	874,733
Post employment benefits	84,435	49,827
Share-based payments	783,660	74,950
	2,423,915	**999,510**

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03, is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Loans to key management personnel and their related parties

There were no loans given to key management personnel and their related parties.

Movements in shares

The movement during the reporting period in the number of ordinary shares in the Company held by each key management person, including their related parties, is as follows:

2011	Held at 1 July 2010	Received as compensation	Received on exercise of options	Other changes*	Held at 30 June 2011
Directors					
Charlie Lenegan	–	–	–	–	–
Kevin Wilson	3,485,006	–	1,000,000	–	4,485,006
Ronnie Beevor	–	–	–	1,952,149	1,952,149
Alan Humphris	3,495,254	–	–	–	3,495,254
James McClements	10,532,452	–	–	–	10,532,452
Maree Arnason	–	–	–	74,000	74,000
Julian Ludowici	11,797,773	–	–	(11,797,773)	–
Bruce Preston	6,072,025	–	–	(6,072,025)	–
Bill McIntosh	–	–	–	–	–
Executives					
Ron Hite	–	1,000,000	–	–	1,000,000
Ian Pound	–	–	–	–	–
Chris Fowers	–	–	–	–	–
Total	**35,382,510**	**1,000,000**	**1,000,000**	**(15,843,649)**	**21,538,861**

* Shares held at date of appointment or resignation as Key Management Person.

2010	Held at 1 July 2009	Received as compensation	Received on exercise of options	Other changes	Held at 30 June 2010
Directors					
Julian Ludowici	10,109,906	–	–	1,687,867	11,797,773
Kevin Wilson	2,753,847	–	–	731,159	3,485,006
Bruce Preston	5,538,375	–	–	533,650	6,072,025
Alan Humphris	3,106,045	–	–	389,209	3,495,254
James McClements	9,574,956	–	–	957,496	10,532,452
Total	**31,083,129**	**–**	**–**	**4,299,381**	**35,382,510**

Option holdings

The movement during the reporting period in the number of options over ordinary shares in the Company held by each key management person, including their related parties, is as follows:

2011	Held at 1 July 2010	Granted as compensation	Exercised	Other changes*	Held at 30 June 2011	Vested and exercisable at 30 June 2011	Unvested and unexercisable at 30 June 2011
Directors							
Kevin Wilson	6,000,000	–	(1,000,000)	(500,000)	4,500,000	3,500,000	1,000,000
Total	**6,000,000**	**–**	**(1,000,000)**	**(500,000)**	**4,500,000**	**3,500,000**	**1,000,000**

* Other changes represent options that expired during the year.

No other key management person holds or was issued options during the year.

2010	Held at 1 July 2009	Granted as compensation	Exercised	Other changes*	Held at 30 June 2010	Vested and exercisable at 30 June 2010	Unvested and unexercisable at 30 June 2010
Directors							
Julian Ludowici	2,258,964	–	–	(2,258,964)	–	–	–
Kevin Wilson	6,276,924	–	–	(276,924)	6,000,000	3,500,000	–
Bruce Preston	1,425,000	–	–	(1,425,000)	–	–	–
Alan Humphris	727,273	–	–	(727,273)	–	–	–
James McClements	1,932,888	–	–	(1,932,888)	–	–	–
Total	**12,621,049**	**–**	**–**	**(6,621,049)**	**6,000,000**	**3,500,000**	**–**

* Other changes represent options that expired during the year.

Share right holdings

The movement during the reporting period in the number of share rights over ordinary shares in the Company by each key management person, including their related parties, is as follows:

2011	Held at 1 July 2010	Granted as compensation	Exercised	Other changes	Held at 30 June 2011	Vested and exercisable at 30 June 2011	Unvested and unexercisable at 30 June 2011
Directors							
Kevin Wilson	–	800,000	–	–	800,000	–	–
Ronnie Beevor	–	150,000	–	–	150,000	–	–
Alan Humphris	–	150,000	–	–	150,000	–	–
James McClements	–	150,000	–	–	150,000	–	–
Executives							
Ron Hite		2,600,000			2,600,000	1,147,000	1,453,000
Ian Pound		800,000			800,000	353,000	447,000
Chris Fowers	–	223,000	–	–	223,000	223,000	–
Total	**–**	**4,873,000**	**–**	**–**	**4,873,000**	**1,723,000**	**1,900,000**

No other key management person holds or was issued share rights during the prior year.

22 FINANCIAL RISK MANAGEMENT

Categories of financial instruments

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and hire purchase liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Carrying amount	
in thousands of dollars	**2011**	**2010**
Financial assets		
Cash and cash equivalents	3,315	10,515
Trade and other receivables	1,896	751
Total	**5,211**	**11,266**
Financial liabilities		
At amortised cost	2,997	704
Total	**2,997**	**704**

Financial risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group does not use any form of derivatives for speculative purposes. The Group is not at a level of exposure that requires the use of derivatives to hedge its exposure.

The main risks the Group is exposed to through its financial instruments are liquidity risk and market risk which includes interest rate risk and foreign currency risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, and trade and other receivables.

The carrying amount of financial assets represents the maximum credit exposure. The Group limits its exposure to credit risk in respect of cash and cash equivalents and other deposits with banks by only dealing with reputable banks with high credit ratings.

In respect of trade and other receivables, the Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. The Group is not exposed to any significant credit risk as there were no trading operations during the year.

At 30 June 2011 and 30 June 2010, there was no allowance for doubtful debts and there were no receivables past due but not impaired. However, during the year ended 30 June 2010, an impairment loss of $188,792 was recognised directly to profit or loss for a GST receivable that was considered not recoverable.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market, by continuously monitoring forecast and actual cash flows and ensuring that adequate uncommitted funding is available and maintained.

The following are the expected maturities of financial assets and the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2011

In thousands of dollars	Carrying amount	Expected/ contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Financial assets							
Cash and cash equivalents	3,315	3,315	3,315	–	–	–	–
Trade and other receivables	1,861	1,896	1,159	–	737	–	–
	5,176	**5,211**	**4,474**	**–**	**737**	**–**	**–**
Financial liabilities							
Trade and other payables	2,713	2,713	2,713	–	–	–	–
Provisions	243	243	150	80	–	13	–
Loans and borrowings	41	41	4	4	33	–	–
Total	**2,997**	**2,997**	**2,867**	**84**	**33**	**13**	**–**

2010

In thousands of dollars	Carrying amount	Expected/ contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Financial assets							
Cash and cash equivalents	10,515	10,515	10,515	–	–	–	–
Trade and other receivables	751	751	218	–	533	–	–
	11,266	**11,266**	**10,733**	**–**	**533**	**–**	**–**
Financial liabilities							
Trade and other payables	653	653	653	–	–	–	–
Provisions	51	51	51	–	–	–	–
Loans and borrowings	50	50	50	–	–	–	–
Total	**754**	**754**	**754**	**–**	**–**	**–**	**–**

Currency risk

The Group is not exposed to currency risk at the reporting date because the Group holds no financial assets or liabilities denominated in foreign currency.

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's fair value or future cash flows will fluctuate as a result of changes in market interest rates on interest-bearing financial instruments.

At the reporting date, the Group had the following mix of financial assets exposed to interest rate risk. There were no financial liabilities exposed to interest rate risk.

in thousands of dollars	2011	2010
Variable rate instruments		
Cash and cash equivalents	3,315	10,515
Bond deposits	737	218
Total	**4,052**	**10,733**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased or decreased profit or loss by $41,000 (2010: $111,000)

Fair values

The carrying amounts of financial assets and financial liabilities approximate fair value.

Capital management

Management controls the capital of the Group in order to ensure that it can fund its operations and continue as a going concern.

The Group has no external debt other than as disclosed in these financial statements and there are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include shares issues. There have been no changes in the strategy adopted by Management to control the capital of the Group since the prior year.

23 OPERATING SEGMENTS

The Group operates in one segment being the mining industry and in one geographical location, being Western Australia. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

24 SUBSEQUENT EVENTS

On 1 July 2011, the Company announced that it would be proceeding with a placement of 40 million ordinary shares at $0.20 per share to institutional and sophisticated investors to raise $8.0 million before costs ("Placement"). The Placement, approved by shareholders at an Extraordinary General Meeting held on 5 August 2011, was made in two tranches:

- Tranche 1: comprising 6.7 million shares allotted on 8 July 2011
- Tranche 2: comprising 33.3 million shares allotted on 16 August 2011.

25 AUDITORS' REMUNERATION

in dollars	**2011**	**2010**
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit and review of financial reports	63,748	–
	63,748	–
Previous auditors		
Audit and review of financial reports	–	38,500
	–	38,500
Other services		
Auditors of the Company		
KPMG Australia:		
Taxation services	56,250	–
Previous auditors		
Taxation services	–	5,250
	56,250	5,250

26 PARENT ENTITY DISCLOSURES

In the prior year, the Group applied amendments to the Corporations Act (2001) that removed the requirement for the up to lodge parent entity financial statements. Parent entity financial statements have been replaced by this specific parent entity disclosure note.

As at, and throughout, the financial year ended 30 June 2011 the parent entity of the Group was Rey Resources Limited.

In thousands of dollars	**2011**	**2010**
A. Result of parent entity		
Loss for the year	(6,036)	(2,054)
Total comprehensive loss for the year	(6,036)	(2,054)
B. Financial position of parent entity at year end		
Total current assets	3,596	13,069
Total non-current assets	26,040	9,555
Total assets	**29,636**	**22,624**
Total current liabilities	1,347	706
Total non-current liabilities	1,492	42
Total liabilities	**2,839**	**748**
Net assets	26,797	21,876
Total equity of parent entity comprising of:		
Share capital	43,273	31,676
Options reserve	1,753	914
Accumulated losses	(18,229)	(10,714)
Total equity	**26,797**	**21,876**

C. Parent entity contingencies

There are no contingent liabilities of the parent entity.

D. Parent entity capital commitments

At balance date the parent entity has not entered into any material contractual agreements for the acquisition of property, plant or equipment.

E. Parent entity guarantees in respect of the debts of its subsidiaries

There are no guarantees entered into by the parent entity.

DIRECTORS' DECLARATION

The Board of Directors of Rey Resources Limited declares that:

(a) The financial statements, accompanying notes and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the financial position as at 30 June 2011 and performance of the consolidated entity for the financial year ended on that date
- Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001).

(b) The financial report also complies with International Financial Reporting Standards as disclosed in note 2 (a);

(c) The remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001; and

(d) There are reasonable grounds to believe that the parent entity will be able to pay its debts as and when they fall due.

The Board of Directors has received the declaration by the Managing Director required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.

Charlie Lenegan
Chairman
Perth, Western Australia
25 August 2011

INDEPENDENT AUDIT REPORT

Independent auditor's report to the members of Rey Resources Limited

Report on the financial report

We have audited the accompanying financial report of Rey Resources Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2011, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 27 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, an Australian partnership and a member firm of the KPMG network
of independent member firms affiliated with KPMG International, a Swiss cooperative.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in section 6 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Rey Resources Limited for the year ended 30 June 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner

Perth
25 August 2011

ASX ADDITIONAL INFORMATION

Additional Shareholder Information

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. The information was applicable as at 12 September 2011.

Top 20 Shareholders

The top 20 largest shareholders are listed below:

Name	Number of Shares	Percentage Held %
Merrill Lynch (Australia) Nominees Pty Limited	56,231,247	15.527
Gujarat NRE Minerals Limited	30,768,651	8.496
J P Morgan Nominees Australia Limited	28,206,159	7.788
National Nominees Limited	22,798,248	6.295
Mr Geng Haitao	15,000,000	4.142
Boongol Pty Ltd <McClements Family Trust>	10,532,452	2.908
Overachieve Pty Ltd <Overachieve A/C No 1>	7,104,523	1.962
Mr Bruce Clement Preston <Super Fund A/C>	5,820,150	1.607
Brownstone International Pty Ltd	5,000,000	1.381
Escor Investments Pty Ltd	5,000,000	1.381
Mr Kevin John Wilson & Mrs Jola Wilson <Lincoln Superfund No 1 A/C>	3,485,006	0.962
Alan John Humphris & Elizabeth Ann Humphris <Alan J Humphris PSF A/C>	3,265,254	0.902
Citicorp Nominees Pty Limited <Cwlth Bank Off Super A/C>	3,201,246	0.884
Ms Claudia Estela Bahamondes	2,500,000	0.690
UBS Wealth Management Australia Nominees Pty Ltd	2,355,937	0.651
Mr John Paul Bahamondes	2,350,000	0.649
Mr Ronald Keith Hite	2,147,000	0.593
Mr Jose Agustin Bahamondes	2,100,000	0.580
Japon Pty Ltd <MacLennan Super Fund A/C>	2,075,000	0.573
Mr Colin Campbell	2,000,000	0.552
TOTAL TOP 20 HOLDERS	**211,940,873**	**58.521**

Substantial Shareholders

An extract of the Company's register of substantial shareholders (who held 5% or more of the issued capital) is set out below:

Shareholder	Number of shares	Percentage Held %
Mathews Capital Partners Pty Ltd	51,919,542	16.24
Gujarat NRE Coking Coal Limited	32,032,401	10.02
Acorn Capital Limited	31,070,210	9.72

Distribution of Equity Securities

There were 554 holders of less than a marketable parcel of ordinary shares. The number of shareholders by size of holding is set out below:

Fully Paid Ordinary Shares

Size of Holding	Number of holders	Number of shares
1 - 1,000	307	80,790
1,001 - 5,000	400	1,250,672
5,001 - 10,000	334	2,772,314
10,001 - 100,000	1,146	45,778,781
100,001 and over	312	312,279,888
TOTALS	2,499	362,162,445

Unlisted Options and Performance Rights

	Options		Performance Rights	
Size of Holding	Number of holders	Number of options	Number of holders	Number of performance rights
1 - 1,000	–	–	–	–
1,001 - 5,000	–	–	–	–
5,001 - 10,000	–	–	–	–
10,001 - 100,000	–	–	–	–
100,001 and over	1	3,000,000	6	3,150,000
TOTALS	**1**	**3,000,000**	**6**	**3,150,000**

Voting Rights

Ordinary Shares

For all ordinary shares, voting rights are on a show of hands whereby every member present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

Options and Performance Rights

There are no voting rights attached to options and performance rights.

Options (unlisted)

There are 3,000,000 unlisted options on issue which are held by the Company's Managing Director, Mr Kevin Wilson.

Performance Rights (unlisted)

The Company has 3,150,000 performance rights on issue, of which 1,453,000 are held by the Company's Project Director, Mr Ron Hite; and 800,000 are held by the Company's Managing Director, Mr Kevin Wilson.

Stock Exchange

Rey Resources is listed on the Australian Securities Exchange (ASX code: REY).

Mineral Licence Schedule

The mineral licence schedule for the Group is tabulated below:

Licence Type	Licence No.	Location	Grant Date	Expiry Date	Holder	Area (Ha)	Percentage Held
EL	E04/1385	WA, Australia	21/01/2004	20/01/2013	Blackfin Pty Ltd	21700	100%
EL	E04/1386	WA, Australia	21/01/2004	20/01/2013	Blackfin Pty Ltd	21700	100%
EL	E04/1518	WA, Australia	13/09/2007	12/09/2012	Blackfin Pty Ltd	10850	100%
EL	E04/1519	WA, Australia	20/04/2006	19/04/2013	Blackfin Pty Ltd	21700	100%
EL	E04/1219	WA, Australia	18/03/2008	17/03/2013	Blackfin Pty Ltd	21700	100%
EL	E04/1515	WA, Australia	20/04/2006	19/04/2013	Blackfin Pty Ltd	9920	100%
EL	E04/1517	WA, Australia	20/04/2006	19/04/2013	Blackfin Pty Ltd	6510	100%
EL	E04/1719	WA, Australia	10/12/2008	9/12/2013	Blackfin Pty Ltd	27280	100%
EL	E04/1723	WA, Australia	1/12/2008	30/11/2013	Blackfin Pty Ltd	7750	100%
EL	E04/1729	WA, Australia	17/10/2008	16/10/2013	Rey Kimberley Pty Ltd	4960	100%
EL	E04/1381	WA, Australia	21/01/2004	20/01/2013	Blackfin Pty Ltd	21700	100%
EL	E04/1382	WA, Australia	21/01/2004	20/01/2013	Blackfin Pty Ltd	14880	100%
EL	E04/1383	WA, Australia	27/10/2003	26/10/2012	Blackfin Pty Ltd	18910	100%
EL	E04/1516	WA, Australia	20/04/2006	19/04/2013	Blackfin Pty Ltd	21700	100%
EL	E04/1529	WA, Australia	20/04/2006	19/04/2013	Blackfin Pty Ltd	21700	100%

Licence Type	Licence No.	Location	Grant Date	Expiry Date	Holder	Area (Ha)	Percentage Held
EL	E04/1520	WA, Australia	20/04/2006	19/04/2013	Blackfin Pty Ltd	9300	100%
EL	E04/1521	WA, Australia	20/04/2006	19/04/2013	Blackfin Pty Ltd	10850	100%
EL	E04/1522	WA, Australia	20/04/2006	19/04/2013	Blackfin Pty Ltd	21700	100%
EL	E04/1523	WA, Australia	20/04/2006	19/04/2013	Blackfin Pty Ltd	9300	100%
EL	E04/1524	WA, Australia	20/04/2006	19/04/2013	Blackfin Pty Ltd	7750	100%
EL	E04/1525	WA, Australia	13/09/2007	12/09/2012	Blackfin Pty Ltd	10230	100%
EL	E04/1720	WA, Australia	17/10/2008	16/10/2013	Blackfin Pty Ltd	8370	100%
EL	E04/1728	WA, Australia	17/10/2008	16/10/2013	Rey Kimberley Pty Ltd	16740	100%
EL	E04/1753	WA, Australia	24/02/2009	23/02/2014	Rey Kimberley Pty Ltd	40300	100%
EL	E04/1767	WA, Australia	4/03/2009	3/03/2014	Blackfin Pty Ltd	1240	100%
EL	E04/1768	WA, Australia	4/03/2009	3/03/2014	Blackfin Pty Ltd	5270	100%
EL	E04/1769	WA, Australia	4/03/2009	3/03/2014	Blackfin Pty Ltd	23870	100%
EL	E04/1770	WA, Australia	4/03/2009	3/03/2014	Blackfin Pty Ltd	16740	100%
EL	E04/1785	WA, Australia	4/03/2009	3/03/2014	Rey Kimberley Pty Ltd	62000	100%
EL	E04/1833	WA, Australia	15/10/2009	14/10/2014	Blackfin Pty Ltd	16120	100%
EL	E04/1834	WA, Australia	24/07/2009	23/07/2014	Blackfin Pty Ltd	19840	100%
EL	E04/1835	WA, Australia	15/10/2009	14/10/2014	Blackfin Pty Ltd	20460	100%
EL	E04/1842	WA, Australia	15/10/2009	14/10/2014	Blackfin Pty Ltd	8990	100%
EL	E04/1865	WA, Australia	26/10/2009	25/10/2014	Blackfin Pty Ltd	7440	100%
EL	E04/1928	WA, Australia	14/04/2010	13/04/2015	Blackfin Pty Ltd	1240	100%
EL	E04/1943	WA, Australia	14/04/2010	13/04/2015	Rey Kimberley Pty Ltd	8060	100%
EL	E04/1944	WA, Australia	19/05/2010	18/05/2015	Rey Kimberley Pty Ltd	620	100%
EL	E04/1971	WA, Australia	6/07/2010	5/07/2015	Rey Kimberley Pty Ltd	1860	100%
EL	E04/2061	WA, Australia	6/07/2011	5/07/2016	Rey Kimberley Pty Ltd	2480	100%
EL	E04/2062	WA, Australia	6/07/2011	5/07/2016	Rey Kimberley Pty Ltd	34410	100%
EP	EP457	WA, Australia	24/10/2007	23/10/2014	Rey Resources Ltd	503780	100%
EP	EP458	WA, Australia	24/10/2007	23/10/2014	Rey Resources Ltd	576022	100%

EL: Exploration Licence
EP: Exploration Permit

CORPORATE DIRECTORY

Directors

Charles Lenegan – Independent Non-Executive Chairman

Kevin Wilson – Managing Director

Alan Humphris – Independent Non-Executive Director

James McClements – Independent Non-Executive Director

Ronnie Beevor – Independent Non-Executive Director

Maree Arnason – Executive Director - Strategy

Company Secretaries

Glen Smith

Krishna Kulshreshtha

Registered Office

1121 Hay Street
West Perth WA 6005

PO Box 1809, Hay Street
West Perth WA 6872

Tel: +61 8 9211 1999
Fax: +61 8 9485 1094

Auditors

KPMG
235 St Georges Terrace
Perth WA 6000 Australia

Tel: +61 8 9263 7171
Fax: +61 8 9263 7129

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney, NSW, 2000

GPO Box 3993
Sydney NSW 2001

Tel: 1300 737 760 (within Australia)
Fax: 1300 653 459 (within Australia)
Tel: +61 2 9290 9600 (outside Australia)
Fax: +61 2 9279 0664 (outside Australia)

Stock Exchange

Australian Securities Exchange (ASX)
ASX Code: REY

1121 Hay Street
West Perth WA 6005

PO Box 1809, Hay Street
West Perth WA 6872

Tel: +61 8 9211 1999
Fax: +61 8 9485 1094

www.reyresources.com

REY RESOURCES