ANNUAL REPORT 2013

REY RESOURCES

ACN 108 003 890

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CORPORATE DIRECTORY

Directors

Ms Min Yang – Non-executive Chairman

Mr Kevin Wilson – Managing Director

Mr Geoff Baker – Non-executive Director

Mr Dachun Zhang – Non-executive Director

Company Secretary

Ms Shannon Coates

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Stock Exchange

Australian Securities Exchange (ASX)
ASX Code: REY

Website

www.reyresources.com

COMPANY PROFILE

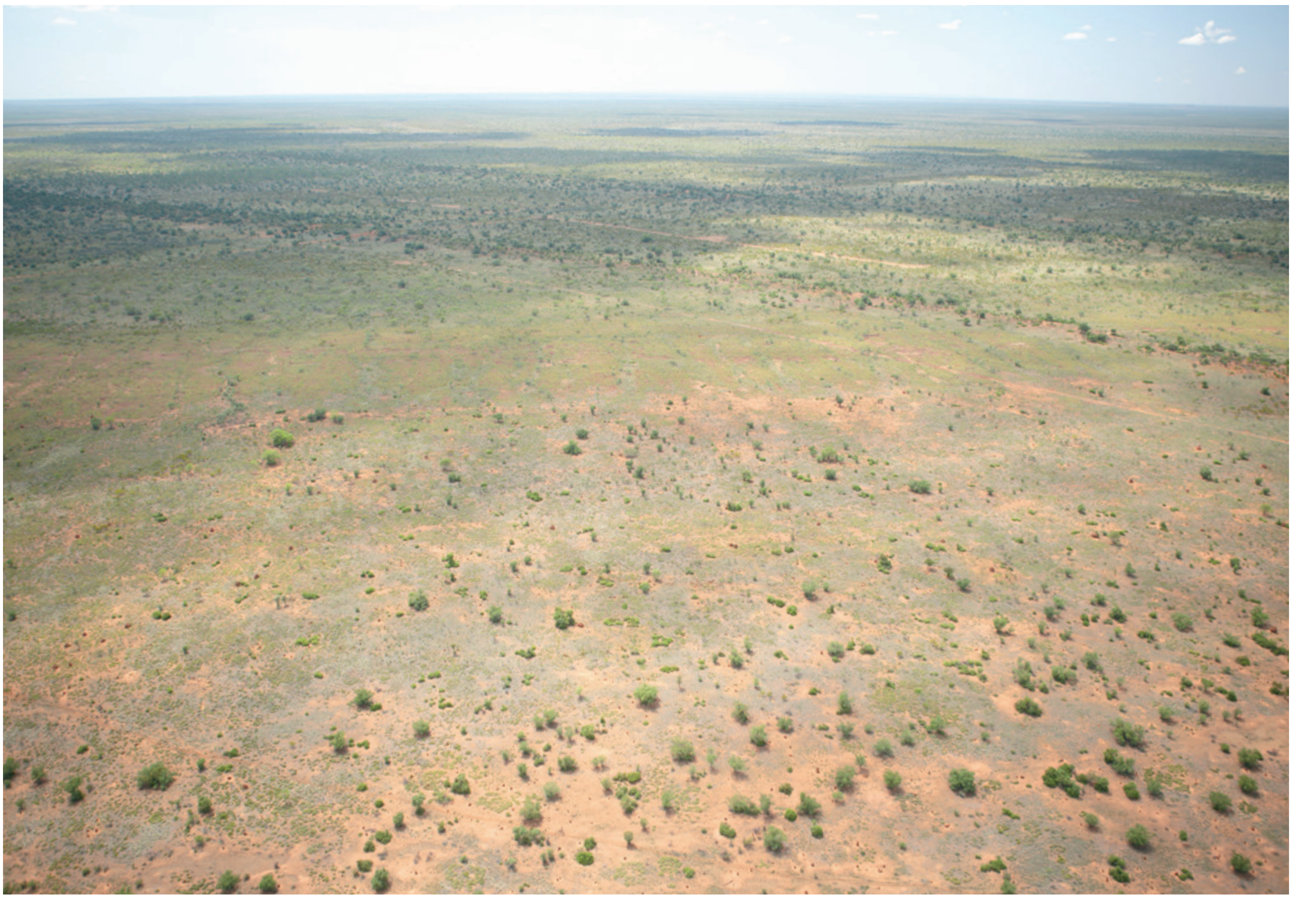
Rey Resources Limited ("Rey Resources" or "Rey") is an ASX-listed company (ASX:REY) focused on exploring and developing energy resources in Western Australia's Canning Basin.

In early 2013, Rey Resources increased its interest to 25 per cent (%) in two highly prospective Canning Basin petroleum permits (EP457 and EP458) known as the "Fitzroy Blocks". The additional interests in the petroleum permits will provide further exposure for Rey Resources to the emerging Canning Basin oil and gas province.

Rey's most advanced thermal coal project is the Duchess Paradise Project, which on 1 July 2013 Rey entered into an agreement to sell by staged acquisition.

Rey's other coal tenements are also located in the Fitzroy Trough of the Canning Basin, and are partly contiguous with the Fitzroy Blocks. The Company aims to expand its coal inventory by further exploring these leases.

Rey has an experienced Board and management team committed to continuing to develop and increase its energy assets to deliver maximum value to its shareholders.



CHAIRMAN'S MESSAGE

Dear Shareholder

I am pleased to report Rey Resources' activities to shareholders for the year ended 2013, my first as Chairman.

The past 12 months can be described as a year of restructuring for Rey. During this period, we have adjusted to the changing business environment and positioned the Company for the future by redirecting our previous focus on coal development and exploration to emphasising our oil and gas exploration business. Over the same period, our shareholder base and Board has changed to reflect the new direction. Mr Dachun Zhang was welcomed as independent Non-executive Director to the Company, and brings extensive international experience and business relationships to the Rey Board.

The Company took an important step in March 2013 when it increased its exposure to oil and gas exploration in the Canning Basin, in particular exposure to the prospective Ungani oil trend (Ungani Trend). By increasing our investment in two EPs, the Company now has a 25% interest in EP457 and EP458 (the Fitzroy Blocks). This investment, with operator Buru and co-investor Mitsubishi, will form a key asset over the next year. We expect that at least two oil targets will be drilled in these leases during 2014. Given the interpreted extension of the Ungani Trend through the Fitzroy Blocks, we have high expectations for this program.

At the same time, due to declining coal prices, the outlook for the Duchess Paradise Project became more challenging. As a consequence, and for the Project to succeed, Rey announced a conditional staged sale in July 2013.

In addition, we are in the process of seeking to introduce a strategic investor into our other coal exploration leases held by the Company. This provides for growth potential in the resource base of the Company whilst sharing the cost of its development.

I would like to thank my Board colleagues for their support and contribution over the past year, and for the efforts of all the Rey Resources employees, consultants and contractors who have contributed to the Company's activities over the course of the year.

I would also like to thank shareholders for their continuing support for Rey Resources and welcome new shareholders who either joined the register during the year to support the various transactions we undertook to effect the restructure, or otherwise through market purchases. We look forward to sharing with you what your Board believes will be an exciting year ahead.

Min Yang
Chairman

BUSINESS PERFORMANCE AND OUTLOOK

OIL & GAS

Since January 2008 Rey has held a 10% interest in two petroleum exploration permits EP457 and EP458 (the Fitzroy Blocks) free carried until the grant of a petroleum production licence. The remaining 90% interest was held by Gujarat NRE Oil Pty Ltd (Gujarat), who sold its interest to Buru Energy Limited (Buru) in October 2013 for $36 million. On 18 March 2013 Rey announced its acquisition from Buru for $6.17 million of an additional 15% interest in the Fitzroy Blocks. The equity interests in each permit are now as follows:

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

Rey will be required to pay for its share of expenditure for its remaining 15% interest, bringing Rey's total contribution to expenditure for the Fitzroy Blocks to 16.7%.

The Fitzroy Blocks (comprising a combined area in excess of 10,000 km2) are located over parts of the southern flank of the Fitzroy Graben and cover parts of the prospective Ungani Trend; the Laurel Formation where tight gas plays are present; and the Goldwyer Shale thought to be in the oil to wet gas window within the Fitzroy Blocks.

Oil and gas exploration planned for 2013 entails 593 km of 2D seismic acquisition along the Ungani Trend within the Fitzroy Blocks, part of approximately 670 kms of a broader program along the trend. Depending on the results of the seismic survey, up to four wells are expected to be drilled in 2014 on the Ungani Trend, at least two of which will be within the Fitzroy Blocks. The seismic survey of EP457 is anticipated to be acquired before November 2013 and data processing completed by December 2013. The survey of EP458 is anticipated to be acquired in November 2013 and data processing completed by February 2014. Data will be used to define targets for a potential 2014 drilling campaign.

There are three major targets within the Fitzroy Blocks:

- The Ungani conventional oil trend
- The Laurel Basin Centred Gas Accumulation, conventional and unconventional gas
- The Goldwyer oil and gas unconventional shale.

The Ungani Trend includes identified leads and prospects in an area of prospectivity being at least 120 kms by 40 kms (+ one million acres). This extends fully across the Fitzroy Blocks. The conventional dolomite reservoir oil discovery by Buru in 2011 at Ungani (located 15 km north west of EP457) on the trend running through the Fitzroy Blocks is a significant regional discovery event.

Although Prospective (recoverable) Resources of the Laurel Formation within the Fitzroy Blocks have not been assessed by drilling to date, the formation clearly extends across part of the Fitzroy Blocks. A wet gas accumulation has been identified immediately east of the Fitzroy Blocks, which has the characteristics of a Basin Centred Gas Accumulation.

The Goldwyer Shale Formation is characterised as a thick, regionally extensive organic rich "Bakken" shale analogue. The play type is regarded as highly prospective and clearly extends across part of the Fitzroy Blocks, although is believed to be at considerable depth.

THERMAL COAL

The Duchess Paradise Project is a slot/highwall mine proposal for the mining and export of up to 2.5 million tonnes per annum of bituminous thermal coal, on which a positive Definitive Feasibility Study (DFS) was completed at the end of June 2011. The Project is well situated to feed the Asian market for Australian coal for power generation.

The proposed mine is situated on pastoral land about 175 km by road south-east of Derby in Western Australia's Canning Basin. The Duchess Paradise Project is proposed to include a slot/highwall mine, a coal handling and preparation plant, support infrastructure and about 30 km of access road to the Great Northern Highway. Coal will be trucked along existing highways to an Export Facility at the existing Derby Port for loading onto barges and transhipment to export vessels.

During a challenging period in coal markets and for raising finance by junior developers, Rey took the decisive step to sell the Duchess Paradise Project. On 1 July 2013, the Company announced it had entered into an agreement with Crystal Yield Investments Limited ("Crystal") to sell the Project by way of a staged acquisition as set out below:

- Stage 1 – A$3 million on signing the Share Sale Agreement (received in July 2013)
- Stage 2 – A$9.6 million upon satisfactory completion of due diligence by Crystal, upon which Crystal will acquire a 60% interest in Blackfin Pty Ltd (Rey's wholly owned subsidiary that houses the Project)
- Stage 3 – A$8.4 million on the grant of the Mining Lease (upon which Crystal will acquire a further 40% interest in Blackfin, taking its total interest in Blackfin's shares to 100%).

Rey received shareholder support for the proposed sale at the extraordinary general meeting held on 30 August 2013. While Crystal undertakes due diligence in order to satisfy itself to conclude Stage 2 of the Project sale transaction, Rey is continuing to progress the primary permitting process for the Project.

The Company also continues to maintain dialogue with representatives of the Aboriginal Traditional Owners regarding their native title interest in the Project area, and to ensure that benefits from the Project such as employment and business development opportunities provide value to local communities.

EXPLORATION

Rey holds a number of other coal tenements in the Canning Basin.

A short drilling program in late 2012 demonstrated the presence of coal at Freney to the south of the Fitzroy River and at Camballin North, to the north of the river. It is intended to follow up these intercepts and bring in a strategic partner to help fund future exploration in the region.

The objectives of the program for the 2013 drill season are to expand the Company's coal inventory with the following activities:

- Follow up the coal discovered at Freney with additional reconnaissance
- Scope out the coal in the Mount Fenton region
- Confirm the occurrence of coal in the Camballin North and Victory regions.

Discussions are underway with a party interested in funding this year's exploration program through an earn-in to certain exploration leases.

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)[1] (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; ar 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 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 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.

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 Fellow 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 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code, 2012 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 Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr John Bridson who is a member of Australasian Institute of Mining and Metallurgy (Member since 1985) and is contracted to provide geological services to Rey Resources. Mr Bridson has sufficient experience to qualify as a Competent Person for the purposes of the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code, 2004 Edition). Mr Bridson consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

Petroleum – Competent Persons Statement

The technical information quoted has been compiled and/or assessed by Mr John Heugh who is a professional geologist, a continuous Member of the Petroleum Exploration Society of Australia since 2003 and a continuous Member of the American Association of Petroleum Geologists since 1986. Mr Heugh has a BSc (Hons) degree in geology and has over 30 years' experience in the petroleum industry. Mr Heugh has consented to the inclusion in this announcement of the matters based on the information in the form and context in which they appear.

CORPORATE GOVERNANCE

STATEMENT ON CORPORATE GOVERNANCE AT REY RESOURCES

This statement reports on Rey Resources' key governance principles, practices and framework as at the date of the 2013 Annual Report. 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 with 2010 Amendments ("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 25 to 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

The composition of the Board is reviewed at least annually to ensure the balance of skills and experience is appropriate.

The current Board comprises three Non-executive Directors, one of whom is independent, and one Executive Director, the Managing Director. The Board has a broad range of qualifications, with combined experience and expertise in the resources, exploration, finance and legal industries. Details on each Director's background including experience, knowledge and skills and their status as an independent or non-independent Director are set out on pages 30 to 33 of this Annual 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 a Non-executive Director
- 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) 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 is not regarded as independent due to his executive responsibilities. Ms Min Yang and Mr Geoff Baker are not regarded as independent as they are also Directors of ASF Group Limited, which holds a relevant interest in approximately 20.5 per cent of the Company's issued capital. Mr Dachun Zhang is regarded as independent.

Notwithstanding that the current composition of the Board does not meet the requirements of ASX Principle 2 as a majority of the Directors are not independent, the Board considers that the composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business. The Board has formed the view that the individuals on the Board can, and do make quality judgments in the best interests of the Company on all relevant issues.

(d) Chairman

The Board elects one of the 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.

Non-executive Director, Ms Min Yang, has served as Non-executive Chairman since 28 January 2013. As noted above, Ms Min Yang is not regarded as independent as she is also a Director of ASF Group Limited. Notwithstanding that Ms Yang is not regarded as independent, the Board considers that the current Chair possesses an appropriate level of expertise for the role and can and does make quality judgments in the best interests of the Company on all relevant issues.

(e) Directors' Retirement and Re-election

Rey Resources' Constitution states that no Director (other than a Managing Director) may retain office (without election) for more than three years or past the third annual general meeting following the Director's appointment, whichever is the longer.

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 Zhang will seek re-election as a Director in accordance with the Company's Constitution at the annual general meeting to be held in November 2013.

(f) Board Succession Planning

The Board 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 was not formally reviewed during the 2013 financial year. As three of the current four Directors have been appointed to the Board for less than one year, the next review of performance is expected to take place in the 2014 financial year.

(h) Nominations and Appointment of New Directors

Recommendations for nomination of new Directors are considered 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, unless the non-conflicted Directors resolve otherwise, 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 Secretary

The Company appointed Ms Shannon Coates as Company Secretary in January 2012.

Ms Coates is a qualified lawyer and Company Secretary, and member of Chartered Secretaries Australia. Ms Coates is responsible for the 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.

All Directors have access to advice from the Company Secretary.

2 BOARD COMMITTEES

(a) Board Committees and Membership

The Board generally has three standing committees to assist in the discharge of its responsibilities. These are the:

- Audit and Risk Committee
- Remuneration and Nomination Committee
- Sustainability Committee.

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.

From 1 July 2012 to November 2012, the membership of each Board committee was as follows:

Audit and Risk Committee	Remuneration and Nomination Committee	Sustainability Committee
Ronnie Beevor (Chair)[1]	Charlie Lenegan (Chair)[2]	Brett Clark (Chair)[1]
Charlie Lenegan[2]	Ronnie Beevor[1]	Charlie Lenegan[2]
Lex Graefe[2]	Lex Graefe[2]	

1 Resigned 28 November 2012

2 Resigned 21 November 2012

From 28 November 2012 to 1 July 2013 the Board comprised of only three Directors therefore the Board resolved that the duties of each committee would be undertaken by the full Board, in accordance with the existing committee charters. This position will be reconsidered during the 2014 financial year.

Committee members were chosen for the skills, experience and other qualities they bring to the committees. Executive Directors and Management attended various Board committee meetings by invitation.

Following each committee meeting, generally at the following 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.

As noted above, from November 2013 the full Board has undertaken the duties of the Audit and Risk Committee as per the existing committee charter. This position will be re-considered in the 2014 financial 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.

As noted above, from November 2013 the full Board has undertaken the duties of the Remuneration and Nomination Committee as per the existing committee charter.

(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. The Committee's responsibilities include to:

- Understand the risks of HSEC issues involving Rey Resources' activities
- Ensure that the systems and processes for identifying, assessing and managing HSEC risks of Rey Resources are adequately monitored
- Regularly review and ensure compliance with the HSEC strategies and policies of Rey Resources' and the supporting Management systems and processes
- Monitor developments in relevant HSEC related legislation and regulations and monitor Rey Resources' compliance with relevant legislation, including through audits.

As noted above, from November 2013 the full Board has undertaken the duties of the Sustainability Committee as per the existing committee charter.

(e) Board and Committee Meetings during Financial Year 2012

Refer to page 34 of the Directors' Report for details of meetings held and attended during the 2013 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.

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 projects
- 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 is responsible for developing 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 in 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 recognises the importance of maintaining the highest possible standards of Occupational Health and Safety in the conduct of Rey Resources' business operations, and is committed to providing a safe and secure working environment for its employees, contractors, visitors and host communities. A Sustainability Committee was established to assist the Board in the effective discharge of its responsibilities in relation to safety, health, environment and community issues and the risks relating to these issues. The committee charter was approved by the Board in July 2012.

As noted above, from November 2013 the full Board has undertaken the duties of the Sustainability Committee as per the existing committee charter.

The 2013 Health and Safety objectives are focused on creating a healthy work environment, keeping our people safe and improving our compliance. Health, Safety and Environment Management reporting ensures that the Board has oversight of Rey Resources' performance in this area.

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

(b) Environment

Rey Resources conducts its business in an environmentally responsible and sustainable manner, in addition to complying with the applicable environmental regulation for its exploration and development activities.

The Board has developed an Environment Policy that identifies the required 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 relatively 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' Securities 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.

The Company prohibits directors and employees from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

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 reputational 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 Annual General Meeting
- 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.

The Company has adopted a Shareholder Communications Policy which is available in the corporate policies section of the Rey Resources' website.

7 DIVERSITY

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 Board has also adopted a Diversity Policy in accordance with ASX Principle 3. The Diversity Policy outlines the Company's commitment to fostering a corporate culture that embraces diversity and recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. A copy of the Diversity Policy is available in the corporate policies section of the Rey Resources' website.

Given the small size of the Company and its current stage of operations, the Board has opted not to establish measurable objectives for achieving gender diversity and as a result has not assessed such objectives or the Company's progress towards achieving them. However the Board is pleased to report that in addition to having one female Director, (Ms Min Yang as Chairman), the Company has a number of women who undertake work on a contracted or casual basis including a Financial Controller, Company Secretary and Occupational Health and Safety Manager.

To provide an accurate reflection of the proportion of women across the whole organisation, the Company has opted to include contractors as well as casual and part-time employees in the below percentages, which show the proportion of women in the organisation as at the date of this Annual Report:

Rey Resources' diversity profile	
Board:	25%
Senior Executives:	0%
Employees/Contractors	67%

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 2013 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	Compliant
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Remuneration Report	Compliant
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	1b, Remuneration Report	Compliant
2	**Structure the Board to add value**		
2.1	A majority of the Board should be independent directors.	1a, 1d	Non-compliant
2.2	The chair should be an independent director.	1c	Non-compliant
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	1a	Compliant
2.4	The Board should establish a nomination committee.	1h, 2a, 2c	Non-compliant
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	1g, 2a	Compliant
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	1a, 1g 1i, 2a Directors' Report	Compliant
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	Compliant
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	7	Compliant
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them	7	Non-compliant
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	7	Compliant
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	7	Partially Compliant

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	Non-compliant
4.2	The audit committee should be structured so that it: – consists only of 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	Non-compliant
4.3	The audit committee should have a formal charter.	2a	Compliant
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	2a, 3b Directors' Report	Compliant
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	Compliant
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	6a	Compliant
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	Compliant
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	6b	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	Compliant
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	Compliant
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	Compliant
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	4b,4c, Directors' Report	Compliant

Principle	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations	Reference	Compliance
8	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee.	2a, 2c, Remuneration Report	Non-compliant
8.2	The remuneration committee should be structured so that it: – consists of a majority of independent directors – is chaired by an independent chair – has at least three members	2c	Non-compliant
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Remuneration Report	Compliant
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	2a, 5e Directors' Report, Remuneration Report	Compliant

FINANCIAL REPORT CONTENTS

DIRECTORS' REPORT

The Directors of Rey Resources Limited ("Rey Resources" or "the Company") present their report together with the consolidated financial statements of the Company and its controlled entities ("the Group") for the financial year ended 30 June 2013.

1 DIRECTORS

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

Ms Min Yang – Non-executive Chairman – Appointed 13 September 2012

Mr Kevin Wilson – Managing Director, Executive

Mr Geoff Baker – Non-executive Director – Appointed 13 September 2012

Mr Dachun Zhang – Non-executive Director – Appointed 1 July 2013

Mr Charlie Lenegan – Chairman – Resigned 22 November 2012

Ms Maree Arnason – Executive Director – Resigned 28 November 2012

Mr Ronnie Beevor – Non-executive Director – Resigned 28 November 2012

Mr Brett Clark – Non-executive Director – Resigned 28 November 2012

Mr Lexton Graefe – Non-executive Director – Resigned 22 November 2012

Unless otherwise stated, Directors were in office from the start of the financial year to the date of this report.

Details of Directors' qualifications, experience, special responsibilities and details of Directorships of other listed companies can be found on pages 30 to 33.

2 INFORMATION ON DIRECTORS AND OFFICERS

Directors	Designation and independence status	Experience, expertise and qualifications	Directorships of other ASX listed companies during the last three years	Special responsibilities during the year
Current				
Min Yang Appointed on 13 September 2012	Chairman Non-executive	Min Yang has extensive business connections in the Asia Pacific region, especially greater China, and has over 20 years of hands-on experience dealing with both private and state-run businesses in China. Over the years, Min Yang has proven her unique business insight and expertise in the identification, incubation and realisation of embryonic opportunities in the resources, commodities trading & residential estate and financial investment sectors.	• ASF Group Ltd (September 2005, ongoing) • ActiveEX Limited (May 2012, ongoing)	• Non-executive Chairman
Kevin Wilson Appointed on 9 August 2007	Managing Director Executive	Qualifications - BSc (Hons), ARSM, MBA Mr Wilson has over 30 years' experience in the minerals and finance industries. He was 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
Geoff Baker Appointed on 13 September 2012	Director Non-executive	Qualifications – BCom, LLB, MBA For the past 30 years Geoff has been active in Asia and China working in law and conducting a practice assisting companies doing business in the region. As an experienced lawyer qualified to practice in Australia and Hong Kong, Geoff provides valuable assistance to international operations and in particular to the negotiation, structuring and implementation of joint venture and co-operation agreements.	• ASF Group Ltd (November 2006, ongoing) • ActiveEX Limited (February 2013, ongoing)	
Dachun Zhang Appointed on 1 July 2013	Director Non-executive Independent	Mr Zhang has a Bachelor's Degree from Poznan University, Poland and a Master's Degree from the University of Wales, UK and was conferred the qualification of Senior Economist in Shipping Management by the Ministry of Communications of China. Mr Zhang was most recently Executive Director and President of China Merchants Group, as well as the Chairman of Merchants International Co. Ltd (a listed Hong Kong company). Previously his career was with COSCO (a Chinese company and one of the world's largest shipping groups) where he held the positions of Executive Vice-Chairman and President of COSCO (Hong Kong) Group Ltd, as well as Vice-Chairman of two Hong Kong listed companies: COSCO Pacific Co. Ltd and COSCO International Holdings Co. Ltd. Mt Zhang, a resident of Victoria, Australia brings extensive international experience and Chinese business relationships to the board.		

Directors	Designation and independence status	Experience, expertise and qualifications	Directorships of other ASX listed companies during the last three years	Special responsibilities during the year
Former				
Ronnie Beevor Appointed on 2 August 2010 and resigned on 28 November 2012	Director Independent Non-executive	Qualifications – BA (Hons) Mr Beevor is an investment banker and is a Senior Advisor to Standard Chartered 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, Bullabulling Gold 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) • Bullabulling Gold Limited (July 2012, ongoing)	• Chairman of Audit and Risk Committee from 3 March 2011-28 November 2012 • Member of Remuneration and Nomination Committee from 3 March 2011-28 November 2012
Maree Arnason Appointed on 7 April 2011 and resigned on 28 November 2012	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. Ms Arnason has held senior leadership roles in remote and corporate environments with BHP Iron Ore, BHP Billiton, Carter Holt Harvey and Wesfarmers Energy and has operated a strategy consultancy business advising several resource projects in Western Australia including Rey Resources. Ms Arnason is member of the Australian Institute of Company Directors, National Director of the Australia China Business Council and an Executive Council member with the WA Chamber of Minerals and Energy. Maree is also an Executive Director of a private company, Energy Access Services, which operates an energy trading platform for the Western Australian wholesale gas market.	• None	• None

Directors	Designation and independence status	Experience, expertise and qualifications	Directorships of other ASX listed companies during the last three years	Special responsibilities during the year
Former				
Charlie Lenegan Appointed on 29 November 2010 and resigned on 22 November 2012	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. Mr Lenegan is also a Non-executive Director of Turquoise Hill Resources Ltd (formerly Ivanhoe Mines Limited) listed on Toronto Stock Exchange, the New York Stock Exchange and the NASDAQ Stock Market.	• OZ Minerals Limited (February 2010, ongoing)	• Chairman of the Board from 29 November 2010 to 22 November 2012. • Chairman of Remuneration and Nomination Committee from 29 November 2010 to 22 November 2012. • Member of Sustainability Committee since 22 March 2011 (Chairman from 22 March 2011 to 17 May 2012) • Member of Audit and Risk Committee from 29 November 2010 to 22 November 2012
Lex Graefe Appointed on 1 October 2011 and resigned on 22 November 2012	Director Independent Non-executive	Qualifications - BEc, CPA Mr Graefe holds a Bachelor of Economics (Accounting Major) degree from Adelaide University and is a CPA. He has extensive management and commercial experience, working in the mining industry for the last 30 years in Australia, Africa and Asia. His experience includes leadership roles in project studies, engagement with government and stakeholders and various CFO roles. Mr Graefe brings a broad range of project and commercial experience to the board. He has previously held the role of CFO/Company Secretary to Sphere Minerals Limited and has also held senior leadership roles with Shield Mining, Resolute Mining (Tanzania) Rio Tinto Indonesia and Rio Tinto India. Mr Graefe also held a number of management, commercial and financial roles with Hamersley Iron. Mr Graefe currently acts as CFO to Iron Road Limited.	• None	• Member of Audit and Risk Committee from 1 October 2011 to 22 November 2012. • Member of Remuneration and Nomination Committee from 24 July 2012 to 22 November 2012.

Directors	Designation and independence status	Experience, expertise and qualifications	Directorships of other ASX listed companies during the last three years	Special responsibilities during the year
Former				
Brett Clark Appointed on 1 October 2011 and resigned on 28 November 2012	Director Independent Non-executive	Qualifications – B Econ Mr Clark holds a Bachelor of Engineering degree from Curtin University and a Graduate Diploma of Business Management and Finance from Deakin University. He has over 20 years' experience in the resources sector in business development, operations, acquisitions, asset management, project management, business improvement and financial roles. With specific experience in corporate roles that have focused on strategic operational outcomes and implementation of major resource project studies, Mr Clark brings very relevant experience to the board at this stage of the Company's development. Mr Clark is currently Chief Operating Officer of Pluton Resources and has previous director experience with Oakajee Port and Rail, and Wembley Resources; and senior executive roles with Tethyan Copper, Ernst & Young, Snowden Group, Rio Tinto/Iron Ore Company of Canada/Hamersley Iron and Western Mining.	• None	• Chairman of Sustainability Committee from 17 May 2012 to 28 November 2012 (member from 1 October 2011 to 17 May 2012)

3 COMPANY SECRETARY

Ms Shannon Coates was appointed to the position of Company Secretary on 11 January 2012. Ms Coates holds a Bachelor of Laws from Murdoch University and has over 18 years' experience in corporate law and compliance. Ms Coates is a Chartered Secretary and currently acts as Company Secretary to several ASX and AIM listed companies and unlisted companies, the majority of which operate in the mineral resources industry, both in Australia and internationally. Ms Coates is General Manager Corporate to Perth based corporate advisory firm Evolution Capital Partners, which specialises in the provision of corporate services to ASX, JSE and AIM listed companies.

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[4]		Remuneration and Nomination Committee[4]		Sustainability Committee[4]	
	A	B	A	B	A	B	A	B
Min Yang[1]	11	11	–	–	–	–	–	–
Kevin Wilson	15	15	–	–	–	–	–	–
Geoff Baker[1]	11	11	–	–	–	–	–	–
Dachun Zhang[5]	–	–	–	–	–	–	–	–
Charlie Lenegan[2]	8	8	2	2	3	3	2	2
Ronnie Beevor[3]	8	10	2	2	3	3	–	–
Maree Arnason[3]	9	10	–	–	–	–	–	–
Lex Graefe[2]	6	8	2	2	2	2	2	2
Brett Clark[3]	7	10	–	–	–	–	–	–

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

Notes:

1 Appointed 13 September 2012.

2 Resigned 22 November 2012.

3 Resigned 28 November 2012.

4 From 28 February 2012 until the end of the financial year, the Board comprised three members and assumed the responsibilities of the committees for the remainder of the financial year.

5 Appointed 1 July 2013

5 DIRECTORS' INTERESTS IN SECURITIES IN REY RESOURCES LIMITED

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
Min Yang	Nil	Nil	Nil
Kevin Wilson	4,485,006	Nil	4,211,961[1]
Geoff Baker	Nil	Nil	Nil
Dachun Zhang	2,415,300	Nil	Nil

1 800,000 Performance Rights subject to the Company's absolute total shareholder return over the measurement period of 1 July 2010 to 30 June 2014; 985,294 Performance Rights subject to the Company's absolute total shareholder return over the measurement period 1 July 2011 to 30 June 2014; 2,426,667 Performance Rights subject to the Company's absolute total shareholder return over the measurement period 1 July 2012 to 30 June 2015.

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 Company. The officers listed under KMP below are included in the report. The report will provide an explanation of Rey Resources Limited's remuneration policy and structure, details of remuneration paid to KMP (including Directors), an analysis of the relationship between company performance and executive remuneration payments, details of share-based payments, key terms of executive employment contracts and details of independent external advice received in relation to KMP remuneration.

2013 Key Management Personnel

The KMP of Rey Resources Limited during the year ended 30 June 2013 were:

Non Executive

Min Yang	Non-executive Chairman (appointed 13 September 2012)
Geoff Baker	Non-executive Director (appointed 13 September 2012)
Charlie Lenegan	Non-executive Chairman (resigned 22 November 2012)
Ronnie Beevor	Non-executive Director (resigned 28 November 2012)
Brett Clark	Non-executive Director (resigned 28 November 2012)
Lex Graefe	Non-executive Director (resigned 22 November 2012)

Executive

Kevin Wilson	Managing Director
Maree Arnason	Executive Director – Strategy (resigned 28 November 2012)
Ian Pound	General Manager – Duchess Paradise Project (appointed KMP 20 March 2013)

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 the current 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 refers to relevant market survey data for the purposes of external comparison. Further details have been included in section 6.4.

Hedging policy

The Company's Securities Trading Policy prohibits all Directors and employees from entering into arrangements to protect the value of unvested Long-term Incentive ("LTI") awards. The prohibition includes entering into contracts to hedge their exposure to unvested share rights and 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 is intended to motivate 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. A review of TFR is undertaken each year and reflects market movements and individual performance.

Short-term incentive

The objective of the short-term incentive ("STI") 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 participant in the plan is currently the Managing Director.

In the year ended 30 June 2013, the Managing Director was eligible for a cash payment of up to 40% of his TFR for meeting established targets for a number of key business measures, including completion of key project milestones, executing funding strategies, business and organisation development, increasing resource status and improving safety performance. A strategic shift away from advancing the more advanced coal project and towards oil and gas exploration was effected during the year and project development targets aligned with the advancement of the coal project were not met due to this strategic shift. As a result there is no STI payable to the Managing Director.

Long-term incentive

Executives are eligible to participate in the Rey Resources Limited Executive Incentive Rights Plan ("2011 EIRP"), which replaced the 2010 Executive Incentive Rights Plan ("2010 EIRP") and was approved at the 2011 Annual

General Meeting. The EIRP aligns the reward of the participants with the long-term creation of shareholder value. The Managing Director and the General Manager – Duchess Paradise Project are eligible to participate in the plan.

Both the 2011 EIRP and 2010 EIRP enable 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 EIRP forms an important component of the total remuneration of the Managing Director. A number of rights provided are based on 50% of TFR. The allocated rights are then subject to a three year vesting period which requires achievement of a compound annual growth in Total Shareholder Return hurdle for the vesting period, and where relevant achievement of additional performance conditions. The proportion to vest increases from 25% at a 10% compound annual growth rate, to 100% for achieving greater than 20% compound annual growth. The vesting condition may be retested one year after the three year vesting period.

Relationship between Company performance and remuneration

The objective of the Company's remuneration structure is to reward and incentivise the Executives so as to ensure alignment with the interests of the shareholders. The remuneration structure also seeks to reward 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 following.

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 is share price for which the history is presented below. Absolute TSR performance is the basis for long-term incentive awards under the EIRP. For information an index showing movement of four comparator companies over the same period is provided.

	2013	2012	2011	2010	2009
Rey Resources Closing Share Price 30 June	$0.052	$0.075	$0.190	$0.115	$0.130
Comparator Index[1]	$0.06	$0.21	$0.39	$0.35	$0.40

1 Comparator companies (ASX codes) – Pluton (PLV), Cockatoo Coal (COK), Talisman Mining (TLM), East Energy Resources (EER). The comparator index is currently not used to measure remuneration but may be adjusted for relevance to the new strategic direction of the Company and used in the future reporting periods.

Non-executive Director fees

The policy on Non-executive Director (NED) fees is to apply a remuneration framework in order to attract and retain highly capable NEDs and also in accordance with governance best practice. A fixed annual fee is paid in cash.

An aggregate fee limit for NED fees of $400,000 was approved at the 2010 Annual General Meeting and no change is currently proposed.

Non-executive Director fees comprise a fixed annual fee plus committee fees, with no participation in any performance rights plan.

6.2 Directors' and executive officers' remuneration

The table below sets out the remuneration of the Group's KMP for the year ended 30 June 2013.

	Short-term benefits			Post-employment benefits	Share based payments	Termination benefits	Total	Percentage shares related	Percentage performance related
	Cash salary/ fees	Annual incentive	Non-monetary	Super-annuation benefits	Rights/ options	Termination payments			
Name	$	$	$	$	$	$	$	%	%
DIRECTORS									
M Yang – Non-executive Chairman – Appointed 13 September 2012									
2013	48,000	–	–	–	–	–	48,000	–	–
2012	–	–	–	–	–	–	–	–	–
K Wilson – Managing Director									
2013	333,945	–	–	30,055	97,189	–	461,189	21	–
2012	307,339	–	–	27,661	38,985	–	373,985	10	–
G Baker – Non-executive Director – Appointed 13 September 2012									
2013	60,000	–	–	–	–	–	60,000	–	–
2012	–	–	–	–	–	–	–	–	–
C Lenegan – Chairman – Resigned 22 November 2012									
2013	43,614	–	–	3,925	(20,555)	–	26,984	(76)	–
2012	110,091	–	–	9,908	20,055	–	140,554	15	–
M Arnason – Executive Director – Resigned 28 November 2012[2]									
2013	159,664	–	–	12,663	75,839	280,000	528,166	14	–
2012	344,036	50,000	691	30,963	204,545	–	630,235	32	8
R Beevor – Non-executive Director – Resigned 28 November 2012									
2013	32,500	–	–	–	(13,589)	–	18,911	(72)	–
2012	60,000	–	–	–	7,315	–	67,315	11	–
B Clark – Non-executive Director – Resigned 28 November 2012									
2013	23,208	–	–	2,089	–	–	25,297	–	–
2012	34,403	–	–	3,096	–	–	37,499	–	–
L Graefe – Non-executive Director – Resigned 22 November 2012									
2013	18,172	–	–	1,634	–	–	19,806	–	–
2012	34,403	–	–	3,096	–	–	37,499	–	–

Name	Short-term benefits Cash salary/ fees $	Annual incentive $	Non-monetary $	Post-employment benefits Super-annuation benefits $	Share based payments Rights/ options $	Termination benefits Termination payments $	Total $	Percentage shares related %	Percentage performance related %
EXECUTIVES									
I Pound – General Manager – Duchess Paradise Project[1]									
2013	78,279	–	–	7,045	5,136	–	90,460	6	–
2012	–	–	–	–	–	–	–	–	–
TOTAL									
2013	797,382	–	–	57,411	144,020	280,000	1,278,813	11	–
2012	890,272	50,000	691	74,724	272,400	–	1,287,087	21	8

1 Became a KMP on 20 March 2013.

2 On 28 November 2012, Ms Maree Arnason resigned as a Director of Rey Resources Limited and ceased as an Executive of the Company. Ms Arnason was paid $280,000 in accordance with the redundancy terms of her contract.

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 the KMP during the reporting period and details on those rights that also vested during the reporting period are as follows:

	Number of rights granted during FY 2013[1]	Grant date	Fair value per share at grant date	Expiry date	Number of rights vested during FY 2013
K Wilson	985,294	22.11.2012	$0.033	30.06.2014	–
	2,426,667	22.11.2012	$0.043	30.06.2015	–

1 As approved at 2012 Annual General Meeting

The valuation assumptions and methodology for the Performance Rights are set out in note 21 of the notes to the accounts.

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 performance rights, which are conditional on the Company achieving certain performance hurdles.

6.3.2 Options and rights over equity instruments granted as compensation

Details of the vesting profiles of the options and rights granted as remuneration to the KMP are detailed below.

Name	Number	Grant date	% vested in year	% forfeited/ lapsed in year	Financial year in which grant vests
Share rights					
C Lenegan	400,000	23.11.2012	0%	100%	–
R Beevor	150,000	29.11.2010	0%	100%	–
K Wilson	800,000	29.11.2010	0%	0%	2014
K Wilson	985,294	22.11.2012	0%	0%	2014
K Wilson	2,426,667	22.11.2012	0%	0%	2015
M Arnason	1,500,000	23.11.2012	0%	0%	2013
M Arnason	1,500,000	23.11.2012	0%	0%	2014
I Pound	149,000	11.05.2011	100%	0%	2013
I Pound	298,000	11.05.2011	0%	0%	2015
Options					
K Wilson	1,000,000	24.06.2008	0%	100%	2010
	1,000,000	24.06.2008	0%	0%	2011
	500,000	26.11.2008	0%	0%	2012
	500,000	26.11.2008	0%	0%	2014

6.3.3 Movements in share rights

The movement during the reporting period, by value, of share rights over ordinary shares in the Company held by the KMP is detailed below.

Name	Granted in year $	Value of options/rights exercised in year	Lapsed in year $
Share rights			
K Wilson	136,831	–	–
M Arnason	–	–	–
I Pound	–	43,210	–
Options			
K Wilson	–	–	255,000

6.4 Key employment contracts

The table below summarises the key contractual provisions of the executive KMP.

Name and Position	Contract Term	Termination by Company[1]	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.[2] Board discretion to pay pro-rata Annual Incentive and unvested Long-term Incentive.
Ian Pound General Manager Duchess Paradise Project	Ongoing	3 months' notice or payment in lieu.	1 month notice or payment in lieu.

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

2 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. There are no post-employment benefits other than statutory superannuation.

6.5 Remuneration Consultant

The Remuneration and Nomination Committee seeks advice on remuneration matters for the KMP and Non-executive Directors from independent external advisors. Such advisors are appointed and directly engaged by the Chairman of the Remuneration and Nomination Committee.

During the 2011-2012 year the board engaged CRHR, a strategic human resources advisory business, to provide advice on the remuneration structure for KMP, including development of a short-term incentive plan. Under this engagement CRHR provided remuneration recommendations as defined in section 9B of the Corporations Act 2001 and was paid $15,221 for these services. CRHR was also engaged to provide support on matters related to preparation of the 2012 Remuneration Report, development of remuneration structure for all employees, and undertaking a board performance review and other strategic human resource advice for fees totalling $31,309.

During the 2012-2013 year the Board engaged CRHR, a strategic human resources advisory business, to provide advice on the remuneration and superannuation. Under this engagement CRHR provided remuneration recommendations as defined in section 9B of the Corporations Act 2001 and was paid $20,300 for these services.

The Board is satisfied that the remuneration recommendations were made free from any undue influence by the members of the KMP to whom the recommendations related, and that all recommendations were made to the Remuneration and Nomination Committee.

7 PRINCIPAL ACTIVITIES

The principal activity of Rey Resources is exploring and developing energy resources in Western Australia's Canning Basin. The Company holds coal exploration assets and a 25% interest in the highly prospective petroleum permits (EP457 & 458) in joint venture with Buru Energy Limited and Mitsubishi Corporation.

8 RESULTS FOR THE YEAR AND REVIEW OF OPERATIONS

During the year, Rey Resources continued its strategy of exploring and developing energy resources in Western Australia's Canning Basin by progressing both its oil and gas, and coal assets.

Oil and gas

In addition to its existing 10% interest, on 18 March 2013, Rey Resources agreed to acquire an additional 15% interest in Exploration Permits EP457 and EP458 ("the Fitzroy Blocks"), from a wholly owned subsidiary of Buru Energy Limited ("Buru") (ASX: BRU) for $6.017 million. The Fitzroy Blocks are located in the highly prospective Canning Basin in the northwest of Western Australia.

On 23 May 2013, final approval for the transaction by the Western Australian Department of Mines and Petroleum and the Foreign Investment Review Board was received and the equity interest in each Permit is:

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

During the period, Buru, as operator, reviewed the geology and prospectivity of the Fitzroy Blocks with a view to undertaking an on-ground exploration program over some of the prospects already identified, with a view to drilling exploration wells on the Ungani Trend and the other highly prospective areas in the Fitzroy Blocks as soon as practicable. In August 2013, Buru announced it would undertake a 2D seismic survey on the Ungani Trend including 593 km in the Fitzroy Block permits in late 2013.

Strategically, the acquisition of the additional 15% interest is regarded by the Directors as an important transaction which will enable the Company to transition into a diversified energy company.

As a result of the 10% free-carried interest, Rey will only be required to fund 16.7% of the capital expenditure requirements as part of future exploration drilling and development programmes.

Coal

Rey's thermal coal tenements are also located in Western Australia's Canning Basin and are partly contiguous with the Fitzroy Blocks.

Duchess Paradise Project

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

During the year, environmental evaluation and the permitting process for the Project continued, as did consultation with key stakeholders.

On 30 June 2013, Rey entered into an agreement with Crystal Yield Investments Limited ("Crystal") to sell the Project for $21 million by way of a staged acquisition by Crystal of all of the issued shares in Blackfin Pty Ltd ("Blackfin"), a wholly owned subsidiary of Rey Resources ("Transaction").

The staged Transaction is payable as follows, in accordance with a share sale agreement between Rey and Crystal dated 30 June 2013 ("Share Sale Agreement"):

- Stage 1 – A$3 million on signing the Share Sale Agreement. These funds were received by Rey Resources in early July;
- Stage 2 – A$9.6 million upon satisfactory completion of due diligence by Crystal, upon which Crystal will acquire a 60% interest in Blackfin. Crystal has now commenced a detailed due diligence; and
- Stage 3 – A$8.4 million on the grant of the Mining Lease (upon which Crystal will acquire a further 40% interest in Blackfin, taking its total interest in Blackfin's shares to 100%).

If due diligence by Crystal is not successfully completed by 31 December 2013, the A$3 million Stage 1 payment will be used to subscribe for shares in Rey, issued at a 10% premium to VWAP of the 30-trading day period preceding the date of the Share Sale Agreement. In this case, the Transaction would not proceed and Rey Resources will retain its current interest in Blackfin and the Project.

If the Mining Lease is granted later than 31 December 2014, the Stage 3 payment amount will be $8.4 million less $10,000 for each day following 31 December 2014, until the Mining Lease is granted.

Rey Resources and Crystal also entered into a Shareholders' Agreement with respect to Blackfin that will come into effect on completion of Stage 2. The Shareholders' Agreement sets out the terms and conditions upon which the parties have agreed to control and manage Blackfin and its subsidiaries for the period that Crystal holds a 60% interest and Rey a 40% interest in Blackfin. On 30 August 2013, shareholders approved the Transaction.

Other coal projects within Canning Basin

In addition to the Duchess Paradise Project, Rey has interests in a number of coal exploration licenses in the Canning Basin, Western Australia and planning for the 2013 drilling season took place in the second half of the 2013 financial year. Heritage clearance field surveys were undertaken in late April 2013 and other final approvals are awaited. The objective of the program is to expand the Company's coal inventory with the following activities: follow up the coal discovered at Freney in 2012; scope out the coal in the Mount Fenton region; and confirm the occurrence of coal in the Victory region.

Discussions were underway at year end with a party interested in funding this year's exploration program through an earn-in to certain of the exploration leases.

Corporate

During the year, Rey raised a total of $13.825 million.

In September 2012, ASF Group Limited ("ASF") became the largest investor in Rey Resources on the completion of a share placement of 90 million Rey shares at 12.0 cents per share to raise $10.8 million before costs. Following this transaction, ASF and its associates held 115 million Rey shares, comprising approximately 20.5 per cent of the equity in the Company.

In March 2013, a further placement of 55 million Rey shares was undertaken to Crystal at 5.5 cents per share to raise $3.025 million before costs.

A further $3 million before costs was raised in July 2013 on signing of the Share Sale Agreement with Crystal Yield Investments Limited.

Finance review

The operating loss for the group after income tax for the year ended 30 June 2013 was $7,678,000 (2012: $6,218,000).

During the period $10,564,000 (2012: $6,955,000) exploration expenditure was capitalised, $6,218,000 of which related to the acquisition of the additional 15% interest in oil and gas permits EP457 and EP458. (2012: Nil).

9 DIVIDENDS

No dividend has been paid or declared by the Company during the financial year ended 30 June 2013 (2012: nil) and the Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2013.

10 SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as noted elsewhere in this report, there have been no significant changes in the state of the affairs of the Company up to and including the date of this report.

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 financial period, 3,411,961 (2012: 3,400,000) performance rights were issued to the Company's Managing Director, following shareholder approval at the Company's Annual General Meeting on 28 November 2012, pursuant to the Company's Executive Incentive Rights Plan as approved by shareholders on 23 November 2011. 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 7,509,961 performance rights on issue. Details of performance rights over unissued shares in Rey Resources as at the date of this report are set out below:

Class	Number	Grant date	Expiry date
Director Performance Rights	800,000	29 November 2010	30 June 2014[1]
Executive Performance Rights (Tranche 2)	298,000	11 May 2012	30 June 2014
Executive Performance Rights	3,000,000	23 November 2011	23 November 2016[2]
Chairman Performance Rights	3,411,961	22 November 2012	30 June 2015

1 Subject to re-test on 30 June 2015.

2 Subject to re-test on 30 June 2014

Performance rights vested, forfeited or lapsed

On 30 June 2013, 149,000 performance rights vested and 149,000 ordinary shares were issued on 1 July 2013.

During the financial period, 550,000 performance rights lapsed on resignation of Directors.

During or since the end of the financial year no other performance rights were forfeited, cancelled or lapsed.

13 OPTIONS OVER UNISSUED SHARES

Options on issue

As at the date of this report there are no options on issue.

Options exercised, forfeited or lapsed

During or since the end of the financial period, 1,500,000 options lapsed in August 2013 in accordance with their terms of issue.

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 and other 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

On the 30 June 2013, the Company entered into an agreement with Crystal Yield Investments Limited to sell the Duchess Paradise Project by way of a staged acquisition by Crystal of all the issued shares in Blackfin Pty Ltd, a wholly owned subsidiary of Rey ("Transaction"). A$3million was paid to Rey on signing of the Share Sale Agreement and on 30 August 2013, shareholders approved the Transaction.

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 26.

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 not 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 2013.

Signed in accordance with a resolution of Directors.

Min Yang, Chairman
Perth, Western Australia
16 September 2013

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 2013 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

16 September 2013

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2013

in thousands of dollars	***Note***	**30 June 2013**	**30 June 2012**
Other income	***4***	9	795
Derby Port remediation costs		(567)	(2,126)
Exploration expense		–	(105)
Exploration impairment	***13***	(4,103)	(3,143)
Administrative expenses	***5***	(3,314)	(4,507)
Loss from operations		**(7,975)**	**(9,086)**
Finance income	***4***	297	167
Net finance income		**297**	**167**
Loss before income tax		**(7,678)**	**(8,919)**
Income tax benefit	***6***	–	–
Loss for the year, attributable to owners of the Company		(7,678)	(8,919)
Other comprehensive income		–	–
Items that will not be reclassified to profit or loss		–	–
Items that may be reclassified subsequently to profit or loss		–	–
Other comprehensive income for the year, net of income tax		–	–
Total comprehensive loss for the year, attributable to owners of the Company		(7,678)	(8,919)
Loss per share			
Basic and diluted (cents per share)	***8***	(1.52)	(2.39)

The notes on pages 52 to 86 are an integral part of these consolidated financial statements

Consolidated statement of financial position
As at 30 June 2013

in thousands of dollars	*Note*	30 June 2013	30 June 2012
ASSETS			
Current assets			
Cash and cash equivalents	*9*	3,277	3,790
Trade and other receivables	*10*	124	303
Prepayments		446	462
Assets held for sale	*7*	20,400	–
Total current assets		**24,247**	**4,555**
Non-current assets			
Security deposits	*10*	294	664
Property, plant and equipment	*11*	94	109
Exploration and evaluation expenditure	*12*	15,569	29,508
Total non-current assets		**15,957**	**30,281**
Total assets		**40,204**	**34,836**
LIABILITIES			
Current liabilities			
Trade and other payables	*13*	668	879
Loans and borrowings	*14*	22	–
Provisions	*15*	273	315
Total current liabilities		**963**	**1,194**
Non-current liabilities			
Loans and borrowings	*14*	15	–
Provisions	*15*	40	32
Total non-current liabilities		**55**	**32**
Total liabilities		**1,018**	**1,226**
Net assets		**39,186**	**33,610**
EQUITY			
Share capital	*16*	70,425	57,329
Reserves	*17*	2,089	1,931
Accumulated losses		(33,328)	(25,650)
Total equity attributable to equity holders of the Company		**39,186**	**33,610**

The notes on pages 52 to 86 are an integral part of these consolidated financial statements.

in thousands of dollars	Attributable to equity holders of the Company			
	Share capital	**Share based payment reserve**	**Accumulated losses**	**Total equity**
Balance as at 1 July 2011	43,273	1,753	(16,731)	28,295
Loss for the year	–	–	(8,919)	(8,919)
Total other comprehensive income	–	–	–	–
Total comprehensive loss for the year	–	–	(8,919)	(8,919)
Transactions with owners of the Company, recognised directly in equity				
Issue of ordinary shares	15,000	–	–	15,000
Less: Transaction costs	(944)	–	–	(944)
Share-based payment transactions	–	178	–	178
Balance 30 June 2012	**57,329**	**1,931**	**(25,650)**	**33,610**
Loss for the year	–	–	(7,678)	(7,678)
Total other comprehensive income	–	–	–	–
Total comprehensive loss for the year	–	–	(7,678)	(7,678)
Transactions with owners of the Company, recognised directly in equity				
Issue of ordinary shares	13,825	–	–	13,825
Less: Transaction costs	(729)	–	–	(729)
Share-based payment transactions	–	158	–	158
Total transactions with owners of the Company	13,096	158	–	13,254
Balance 30 June 2013	**70,425**	**2,089**	**(33,328)**	**39,186**

The notes on pages 52 to 86 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 30 June 2013

in thousands of dollars	*Note*	30 June 2013	30 June 2012
Cash flows from operating activities			
Other income received		–	82
Derby Port remediation cash paid		(567)	(2,126)
Cash paid to suppliers and employees		(3,057)	(4,982)
Cash received from R&D claims		–	1,346
Net cash used in operating activities	***9b***	**(3,624)**	**(5,680)**
Cash flows from investing activities			
Interest received		297	177
Payments for property, plant and equipment[1]	***11***	(5)	(1)
Proceeds from sale of plant and equipment		5	–
Payment for bonds		(20)	(37)
Recovery of bonds		390	131
Payments for exploration expenditure		(10,652)	(8,240)
Net cash used in investing activities		**(9,985)**	**(7,970)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares (net of costs)		13,096	14,125
Net cash from financing activities		**13,096**	**14,125**
Net (decrease)/increase in cash and cash equivalents		(513)	475
Cash and cash equivalents at the beginning of the year		3,790	3,315
Cash and cash equivalents at the end of the year	***9a***	**3,277**	**3,790**

[1] The consolidated entity acquired plant and equipment under a hire purchase agreement amounting to $41,867 (2012: Nil) which has been excluded from the statement of cash flows.

The notes on pages 52 to 86 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 2013 comprise the Company and its subsidiaries (together referred to as "Rey Resources" or the "Group"). The Group is a for-profit entity and is primarily 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 accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The consolidated financial statements were authorised for issue by the Board of Directors on 16 September 2013.

(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 incurred a loss for the year of $7.7 million (2012: $8.9 million). At 30 June 2013 the Group has a positive working capital balance of $23.3 million (2012: $3.4 million), which includes the carrying value of the Duchess Paradise Project of $20.4 million. The Group entered into a Share Sale Agreement with Crystal Yield Investments Limited ("Crystal") on 30 June 2013 to sell, via a staged process, 100% of the shares in Blackfin Pty Limited ("Blackfin"), the subsidiary that holds tenements in the Duchess Paradise Project. The receipt of the full sale proceeds from this transaction are contingent on the following events but is considered highly probable by the Directors:

- Stage 1 – A$3 million on signing the Share Sale Agreement. These funds were received by Rey Resources in early July and will be converted to shares in Rey Resources Limited if the sale does not progress;
- Stage 2 – A$9.6 million upon satisfactory completion of due diligence by Crystal, upon which Crystal will acquire a 60% interest in Blackfin. Crystal have now commenced a due diligence; and
- Stage 3 – A$8.4 million on the grant of the Mining Lease (which may not occur within 12 months of balance date) upon which Crystal will acquire a further 40% interest in Blackfin, taking its total interest in Blackfin's shares to 100%.

The receipt of these funds are required to support the planned exploration program, including remaining coal exploration and Fitzroy Blocks oil and gas activities. Should the receipt of these funds not eventuate, the Directors will consider other potential funding options, including alternative sale options for the Duchess Paradise Project, curtailment of discretionary expenditure or capital raisings to enable the Company to continue to repay its debts as and when they fall due. On this basis, the Directors are confident that the going concern basis for preparation remains appropriate. (refer note 25).

(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.

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.

(e) Use of estimates and judgements

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.

Other 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 is included in the following notes:

Note 6 – recoverability of tax losses

Note 21 – key assumptions in determining the fair value of share based payments.

Note 12 – ultimate recoupment of carried forward exploration expenditure.

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.

(iii) Loss of control

On the loss of control, the Group de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of enquiry related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity accounts investee or as an available-for-sale financial asset (see note p(i)) depending on the level of influence retained.

(iv) Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

(b) Foreign currency

Transactions in foreign currencies are translated to Australian dollars being the 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 (i.e. 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.

(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.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20 – 40%

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.

Loans and receivables and held-to maturity securities

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.

(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 is 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. Current income tax expense / benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

(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 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

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

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

In the year ended 30 June 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2013. The standard that may be relevant to the Group is set out below. The Group does not plan to adopt this standard early.

AASB 11: Joint Arrangements

Under AASB 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting:

- The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.
- The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

The Group is yet to consider the impact of AASB11 and the impact of accounting for those joint venture interests disclosed at note 20.

(p) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's other accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair values less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to financial assets, deferred tax assets, and employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

4 OTHER INCOME AND FINANCE INCOME

in thousands of dollars	**2013**	**2012**
Other income		
Research and development grant income	–	713
Foreign exchange (gain)/loss	1	15
Other income	8	82
	9	**810**
Finance income		
Interest income	297	167
	297	**167**

5 ADMINISTRATIVE EXPENSES

in thousands of dollars	**2013**	**2012**
Office supplies and expenses	345	419
Professional and consulting fees	680	1,061
Employee benefits expense (see below)	1,269	1,599
Depreciation and amortisation expense	60	69
Foreign exchange loss	–	15
Insurance premiums	153	349
Legal costs	526	581
Other expenses	281	411
	3,314	**4,507**
Employee benefits expense consists of:		
Equity-settled share-based payments	158	179
Salaries and fees	1,078	1,369
Superannuation	33	51
	1,269	**1,599**

6 INCOME TAX EXPENSE

in thousands of dollars	**2013**	**2012**
Income tax recognised in loss		
Current tax benefit	–	–
Over provided in prior years*	–	–
	–	**–**
Deferred tax (benefit)		
Origination and reversal of temporary differences	–	–
Current year losses for which no deferred tax asset was recognised	–	–
	–	–
Income tax benefit	**–**	**–**

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

in thousands of dollars	2013	2012
Accounting loss before tax	(7,678)	(8,919)
At statutory income tax rate of 30% (2012: 30%)	(2,303)	(2,676)
Non-deductible expenses	(22)	(104)
Tax exempt income	–	(214)
Tax losses for which no deferred tax asset was recognised	2,325	2,994
Income tax benefit	–	–

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Statement of financial position		Profit or loss	
in thousands of dollars	2013	2012	2013	2012
Deferred tax liabilities				
Exploration and evaluation expenditure	(4,671)	(8,852)	4,181	(1,143)
Other	(44)	(49)	5	(5)
Gross deferred tax liability	(4,714)	(8,901)	4,187	(1,148)
Deferred tax assets				
Tax loss carry-forwards	4,622	8,776	(4,154)	1,173
Other	93	125	(32)	(25)
Gross deferred tax asset	4,714	8,901	(4,187)	1,148
Net deferred tax asset/(liability)	–	–	–	–
Deferred tax (expense)/benefit			–	–

Tax losses

At 30 June 2013, the Group has tax losses arising in Australia of $40,567,766 (2012: $47,041,766) 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 with effect from 1 July 2009. 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 ASSET HELD FOR SALE

The Duchess Paradise Project is presented as an asset held for sale following the commitment of the Board on 30 June 2013 to the sale of the project to Crystal Yield Investments Limited.

Sale of the project has begun and is expected to be finalised upon grant of the mining lease, as announced to the ASX on 1 July 2013.

An impairment loss of $3,527,000 on the remeasurement of the asset to the lower of its carrying value less costs to sell has been included in the statement of profit or loss and other comprehensive income (see Note 12).

As at 30 June 2013, the asset held for sale disposal group comprised the following assets and liabilities:

Assets of disposal group held for sale		
in thousands of dollars	**2013**	**2012**
Exploration and evaluation expenditure	20,400	–

There were no liabilities of the disposal group held for sale at 30 June 2013 (2012: Nil)

8 LOSS PER SHARE

in thousands of dollars	**2013**	**2012**
a. Reconciliation of earnings to profit or loss	(7,678)	(8,919)
Loss attributable to owners of the Company	(7,678)	(8,919)
	No.	**No.**
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted loss per share	503,939,352	373,812,023

At 30 June 2013, the Company's potential ordinary shares, which is 1,500,000 options (2012: 3,000,000) and 7,509,961 share performance rights (2012: 4,797,000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. (Refer note 2(b)).

9a CASH AND CASH EQUIVALENTS

in thousands of dollars	2013	2012
Cash at bank and in hand	3,277	3,790
Cash and cash equivalents	**3,277**	**3,790**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23.

9b RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

in thousands of dollars	*Note*	2013	2012
Cash flows from operating activities			
Loss for the period		(7,678)	(8,921)
Adjustments for:			
Depreciation	*11*	60	69
Impairment of capitalised exploration expenditure	*12*	4,103	3,143
Equity-settled share-based payment expense	*5*	158	179
Interest income		–	10
		(3,357)	**(5,428)**
(Increase)/decrease in trade and other receivables		(38)	(629)
(Increase)/decrease in prepayments		16	17
Increase/(decrease) in trade and other payables		(211)	256
Increase/(decrease) in provisions and employee benefits		(34)	84
Net cash used in operating activities		**(3,624)**	**(5,680)**

10 TRADE AND OTHER RECEIVABLES

in thousands of dollars	**2013**	**2012**
Other receivables	124	303
Security deposits	294	664
	418	**967**
Current	124	303
Non-current	294	664
	418	**967**

11 PROPERTY PLANT AND EQUIPMENT

in thousands of dollars	**2013**	**2012**
Property, plant and equipment		
At cost	242	216
Accumulated depreciation	(148)	(107)
Total Property, plant and equipment	**94**	**109**

Movements in carrying amounts:

in thousands of dollars	**2013**	**2012**
Balance as at 1 July	109	205
Additions	47	1
Disposals	(2)	(28)
Depreciation expense	(60)	(69)
Balance as at 30 June	**94**	**109**

12 EXPLORATION AND EVALUATION EXPENDITURE

in thousands of dollars	**2013**	**2012**
Costs carried forward in respect of:		
Incurred at cost by the Group on assets not governed by joint venture agreements (i)	9,351	29,508
Capitalised share of exploration assets under Joint Venture Agreements (ii)	6,218	–
Costs carried forward	**15,569**	**29,508**

(i) Exploration and evaluation expenditure recognised in exploration assets held solely by the Group.

(ii) Exploration and evaluation expenditure recognised on tenements under joint venture agreement with Buru Energy Limited and Mitsubishi Corporation. This amount includes The Group's proportionate share of exploration assets held by the respective joint venture entities.

in thousands of dollars	**2013**	**2012**
At cost	23,601	33,437
Accumulated impairment losses	(8,032)	(3,929)
	15,569	**29,508**

Movements in carrying amounts:

in thousands of dollars	**2013**	**2012**
Opening balance	29,508	25,696
Current year expenditure capitalised	10,564	6,955
Impairment	(4,103)	(3,143)
Duchess Paradise expenditure reclassified as held for sale	(20,400)	–
	15,569	**29,508**

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.

Tenements where tenure is not intended to be continued have been fully impaired as at 30 June 2013. Accordingly an impairment loss of $576,000 has been recognised in the financial statements along with an impairment of the Duchess Paradise Project of $3,527,000 to record its value as expected proceeds less costs to sell (refer Note 7).

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) ("Exploration Licences") for the 2009 expenditure year. Mineralogy Pty Ltd ("Mineralogy") lodged objections to the applications for exemption from expenditure and forfeiture applications affecting the Exploration Licences ("Mineralogy

Proceedings"). While the Exploration Licences 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 Exploration Licences on various grounds. Following the hearing of the exemption applications the Warden will recommend, and the Minister will determine, 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 the expenditure obligations associated with the Exploration Licences, and such failure is of sufficient gravity to justify forfeiture of the Exploration Licences. The Warden may also make a recommendation to the Minister who will subsequently determine the forfeiture applications.

Blackfin is defending the Mineralogy Proceedings in the Perth Wardens Court and they were heard by the Mining Warden in May and July 2012. The Warden's recommendations to the Minister with respect to the Exemption Applications and the Forfeiture Applications is to be delivered on 4 October 2013.

If Blackfin is not successful in obtaining the certificates of exemption the Exploration Licences will be at risk of forfeiture, or Blackfin may be issued with a fine of up to $10,000 per tenement.

The carrying value of the exploration and evaluation expenditure at 30 June 2013 is $4,418,000

(2012: $3, 447,000) pertaining to the 11 tenements.

13 TRADE AND OTHER PAYABLES

in thousands of dollars	**2013**	**2012**
Unsecured liabilities		
Trade payables	553	647
Sundry payables and accrued expenses	115	232
	668	**879**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 23.

14 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 23.

in thousands of dollars	2013	2012
Current liabilities		
Hire purchase	22	–
	22	**–**
Non-current liabilities		
Hire purchase	15	–
	15	**–**
Carrying amounts of non-current assets pledged as security are:		
Plant and equipment	**45**	**–**

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

in thousands of dollars				30 June 2013		30 June 2012	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Hire purchase liabilities	AUD	2.9%	2015	37	37	–	–
				37	**37**	**–**	**–**

The bank loan is secured over a vehicle with a carrying amount of $45,407.

15 PROVISIONS

in thousands of dollars	2013	2012
Current		
Employee benefits	193	235
Other	80	80
	273	**315**
Non-current		
Employee benefits	40	32
	40	**32**

16 ISSUED CAPITAL

in thousands of dollars	2013	2012
560,733,873 (2012: 415,733,873) fully paid ordinary shares	70,425	57,329
	70,425	**57,329**

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

	2013		2012	
	Number	**$'000**	**Number**	**$'000**
On issue at the beginning of the year	415,733,873	57,329	320,439,445	43,273
Shares issued during the year:				
7 September 2012	90,000,000	10,800		
21 March 2013	55,000,000	3,025		
8 July 2011	–	–	6,700,000	1,340
8 July 2011	–	–	1,723,000	–
16 August 2011	–	–	33,300,000	6,660
19 December 2011	–	–	28,571,428	4,000
18 June 2012	–	–	25,000,000	3,000
Transaction costs relating to share issues	–	(729)	–	(944)
On issue at the end of the year	**560,733,873**	**70,425**	**415,733,873**	**57,329**

On 7 September 2012 the Company undertook a placement of shares, issuing 90,000,000 shares to ASF Ltd at an issue price of $0.12 per share.

On 21 March 2013 a further placement was made of 55,000,000 shares at an issue price of $0.055 to Crystal Yield Investments Ltd.

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 21.

17 RESERVES

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.

18 COMMITMENTS

(a) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

in thousands of dollars	**2013**	**2012**
Not later than one year	175	202
Later than one year but not later than five years	120	283
	295	**485**

(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	**2013**	**2012**
Not later than one year	2,532	2,755
Later than one year but not later than five years	1,746	1,879
	4,278	**4,634**

19 GROUP ENTITIES

Consolidated subsidiaries

	Country of incorporation	**Ownership interest**	
		2013	**2012**
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%	100%
Rey Royalty Chile Pty Ltd	Australia	100%	–

20 JOINT VENTURE INTERESTS

Joint venture agreements have been entered into with third parties. Details of joint venture agreements are disclosed below.

Assets employed by these joint ventures and the Group's expenditure in respect of them is brought to account initially as capitalised exploration expenditure (Refer note 12) and recorded distinctly from capitalised exploration costs incurred on the Group's 100% owned projects.

Buru/Mitsubishi/Rey Joint Venture

On 18 March 2013, the Company entered into an agreement with Buru Energy Limited and Mitsubishi Corporation pursuant to which the Company acquired an additional 15% interest in exploration permits EP457 and EP458 in the Canning Superbasin.

The interest in the two exploration permits known as "The Fitzroy Blocks" are:

- Buru Energy Limited 37.5% (operator)
- Mitsubishi Corporation 37.5%
- Rey Resources Limited 25% (of which a 10% interest is free carried to production).

Joint Ventures – financial results and carrying values

The total amount of the Group's capitalised exploration and evaluation expenditure capitalised and employed under joint venture agreements at the reporting date is $6,218,220 (2012: nil) (note 12). During the reporting period the Group recognised nil expense with regards to the joint venture.

21 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 2010 Executive Incentive Rights Plan ("2010 EIRP") enables eligible participants to be granted rights to acquire shares subject to the satisfaction of certain conditions.

Executives are also eligible to participate in the 2011 Executive Incentive Rights Plan ("2011 EIRP"), which replaced the 2010 EIRP and was approved at the 2011 Annual General Meeting. The 2010 EIRP and 2011 EIRP align the reward of the participants with the long-term creation of shareholder value as outlined below.

Both the 2011 EIRP and 2010 EIRP enable 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 2010 EIRP relates to the period 1 July 2010 to 30 June 2013 with provision for a one year retest. The 2012 EIRP, issued in November 2012, relates to the period 1 July 2011 to 30 June 2014 with provision for a one year retest. At the end of the measurement periods (either first or second), the following vesting scale will be applied to the share rights given to Executive Directors. This will be based on the compound annual growth rate over the relevant period. The retest of 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 total shareholder return (TSR) over the measurement period	Vesting%
<Threshold	<10%	–
Threshold	10%	25%
>Threshold & <Target	>10% & <15%	Pro rata based on the % achieved
Target	15%	50%
>Target & <Stretch	>15% & <20%	Pro rata based on the % achieved
Stretch	≥20%	100%

In relation to the share rights granted to the executive KMP, the Board has determined 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	Exercise price	Contractual life of options
Option grant to KMP on 24 June 2008	1,000,000	Vest on 9 August 2010	$0.30	5.129 years
Option grant to KMP on 26 November 2008	500,000	Vest on 9 August 2012	$0.50	4.704 years
Total	**1,500,000**			

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	**2013**	**2013**	**2012**	**2012**
Outstanding at 1 July	0.32	3,000,000	0.28	4,500,000
Exercised during the period		–		–
Expired during the period	0.27	(1,500,000)	0.22	(1,500,000)
Granted during the period		–		–
Outstanding at 30 June	0.37	1,500,000	0.32	3,000,000
Exercisable at 30 June	0.37	1,500,000	0.28	2,500,000

The options outstanding at 30 June 2013 have an exercise price in the range of $0.30 to $0.50 and a weighted average remaining contractual life of 0.111 years.

(c) Share rights program

Terms and conditions of share rights program

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

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of rights
Rights grant to Directors on 29 November 2010	800,000	Subject to the Company's absolute total shareholder return over the measurement period 1 July 2010 to 30 June 2014	4 years
Rights grant to KMP on 11 May 2011	298,000	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 23 November 2011[1]	1,500,000	Subject to full delivery of full permitting condition for the Company's first mining operation.	5 years
Rights grant to KMP on 23 November 2011[1]	1,500,000	Delivery of a board-approved mining operation	5 years
Rights grant to Director on 22 November 2012	985,294	Subject to the Company's absolute total shareholder return over the measurement period 1 July 2011 to 30 June 2014	3 years
Rights grant to Director in 22 November 2012	2,426,667	Subject to the Company's absolute total shareholder return over the measurement period 1 July 2012 to 30 June 2015	3 years
Total	**7,509,961**		

1 No longer a KMP as at 30 June 2013

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

in thousands of dollars	Weighted average exercise price ($) 2013	Number 2013	Weighted average exercise price ($) 2012	Number 2012
Outstanding at 1 July	–	4,797,000	–	4,873,000
Granted during the year	–	3,411,961	–	3,400,000
Vested during the year	–	(149,000)	–	(1,723,000)
Cancelled during the year	–	(550,000)	–	(1,753,000)
Outstanding at 30 June	–	7,509,961	–	4,797,000

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, 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 and Executive performance rights

Grant Date	**22 November 2012**		**23 November 2011**
	Tranche A	**Tranche B**	
Start of measurement period	1 July 2011	1 July 2012	1 July 2010
End of first DPR measurement period	30 June 2014	30 June 2015	30 June 2013
End of second DPR measurement period	30 June 2015	30 June 2016	30 June 2014
Spot price at start of measurement period ($)	$0.22	$0.08	$0.125
Share price at grant date	$0.06	$0.06	$0.135
Volatility of share (%)	90.0	90.0	100.0
Risk fee rate (4.0 years) (%)	2.63	2.63	3.4
Dividend yield	Nil	Nil	Nil
Expected life (years)	1.57	2.57	4.0
Director performance rights (DPR) Fair Value at Grant Date ($/DPR)	**0.033**	**0.043**	**0.1163**

Valuation of Executive Rights (ER)

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:

Tranches	Vesting conditions	Start of measurement period	End of measurement period	Fair value at grant date ($/ER)
Tranche 1[1]	Satisfaction of a board approved definite feasibility study	1 July 2010	31 December 2012	0.29
Tranche 2[2]	Satisfaction of a board approved mining operation	1 July 2010	30 June 2015	0.29
Tranche 3[3]	Continuous employment	1 July 2010	30 June 2013	0.29
Tranche 4[4]	Full delivery of full permitting condition	1 April 2011	30 June 2013	0.135
Tranche 4[5]	Satisfaction of board approved mining operation	1 April 2011	31 December 2014	0.135

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

2 Tranche 2, the end of the measurement period has been extended for 12 months for accounting purposes.

3 Vested

4 Tranche 4, the end of the measurement period has been extended for a further 12 months for accounting purposes.

5 Tranche 4, the end of the measurement period has been extended for a further 6 months for accounting purposes.

An equity settled share based payment expense of $157,264 (2012: $178,741) has been recognised in the statement of comprehensive income.

22 RELATED PARTIES

(a) Parent entity

The ultimate parent entity within the Group is Rey Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 19.

(c) KMP compensation

Disclosures relating to compensation of the KMP compensation comprised:

in dollars	**2013**	**2012**
Short-term employee benefits	797,382	1,266,336
Post-employment benefits	57,411	76,880
Share-based payments	144,020	137,564
Termination payments	280,000	–
	1,278,813	**1,480,780**

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 KMP and their related parties

There were no loans given to KMP and their related parties.

Transactions with KMP and their related parties

The notice of meeting issued on 31 July 2013 contains resolutions to pay ASF Capital Pty Ltd, a company related to Min Yang and Geoffrey Baker, a placement fee of $151,250 for the placement of 55,000,000 shares to Crystal Yield Ltd, and up to $420,000 in respect of the transaction fee for the sale of Duchess Paradise. Both transactions were subject to shareholder approval at an EGM and subsequently approved.

Movements in shares

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

2013	Held at 1 July 2012	Received as compensation	Received on exercise of options/rights	Other changes	Held at 30 June 2013
Directors					
Min Yang	–	–	–	–	–
Kevin Wilson	4,485,006	–	–	–	4,485,006
Geoff Baker	–	–	–	–	–
Charlie Lenegan[1]	100,000	–	–	–	N/A
Ronnie Beevor[1]	1,952,149	–	–	–	N/A
Lex Graefe[1]	200,000	–	–	–	N/A
Brett Clark[1]	–	–	–	–	–
Maree Arnason[1]	74,000	–	–	–	N/A
Executives					
Ian Pound[2]	–	–	–	353,000	353,000
Total	**6,811,155**	**–**		**353,000**	**4,838,006**

1 Not KMP at 30 June 2013. Resigned during the financial year

2 Became a KMP 20 March 2013

Movements in shares

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

2012	Held at July 2011	Received as compensation	Received on exercise of options	Other changes	Held at 30 June 2012
Directors					
Charlie Lenegan	–	–	–	100,000[1]	100,000
Kevin Wilson	4,485,006	–	–	–	4,485,006
Ronnie Beevor	1,952,149	–	–	–	1,952,149
Lex Graefe	–	–	–	–	200,000
Brett Clark	–	–	–	–	–
Maree Arnason	74,000	–	–	–	74,000
Alan Humphris[3]	3,495,254	–	–	–	N/A
James McClements[3]	10,532,452	–	–	–	N/A
Executives					
Ron Hite	1,000,000	–	1,147,000[2]	–	N/A
Total	**21,538,861**	**–**	**1,147,000**	**100,000**	**6,811,155**

1 On-market purchase

2 Exercise of vested Executive Performance Rights

3 Not KMP at 30 June 2012. Resigned during the period.

Option holdings

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

2013	Held at 1 July 2012	Granted as compensation	Exercised	Lapsed	Held at 30 June 2013	Vested and exercisable at 30 June 2013	Unvested and unexercisable at 30 June 2013
Directors							
Kevin Wilson	3,000,000	–	–	(1,500,000)	1,500,000	1,500,000	–
Total	**3,000,000**	**–**	**–**	**(1,500,000)**	**3,000,000**	**1,500,000**	**–**

2012	Held at 1 July 2010	Granted as compensation	Exercised	Lapsed	Held at 30 June 2012	Vested and exercisable at 30 June 2012	Unvested and unexercisable at 30 June 2012
Directors							
Kevin Wilson	4,500,000	–	–	(1,500,000)	3,000,000	2,500,000	500,000
Total	**4,500,000**	**–**	**–**	**(1,500,000)**	**3,000,000**	**2,500,000**	**500,000**

No other KMP holds or was issued options 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 KMP, including their related parties, is as follows:

2013	Held at 1 July 2012	Granted as compensation	Exercised	Other changes	Held at 30 June 2013	Vested and exercisable at 30 June 2013	Unvested and unexercisable at 30 June 2013
Directors							
Min Yang	–	–	–	–	–	–	–
Kevin Wilson	800,000	3,411,961	–	–	4,211,961	–	4,211,961
Geoff Baker	–	–	–	–	–	–	–
Charlie Lenegan	400,000	–	–	(400,000)[1]	–	–	–
Maree Arnason	3,000,000	–	–	–	3,000,000[3]	–	3,000,000
Ronnie Beevor	150,000	–	–	(150,000)[1]	–	–	–

2013	Held at 1 July 2012	Granted as compensation	Exercised	Other changes	Held at 30 June 2013	Vested and exercisable at 30 June 2013	Unvested and unexercisable at 30 June 2013
Executives							
Ian Pound[2]	447,000	–	(149,000)	–	298,000	–	298,000
Total	**4,797,000**	**3,411,961**	**(149,000)**	**(550,000)**	**7,509,961**	**–**	**7,509,961**

1 Share rights lapsed at date of resignation as KMP.

2 KMP since 20 March 2013.

3 No longer a KMP but share rights retained.

Share right holdings

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

2012	Held at 1 July 2011	Granted as compensation	Exercised	Other changes	Held at 30 June 2012	Vested and exercisable at 30 June 2012	Unvested and unexercisable at 30 June 2012
Directors							
Charlie Lenegan	–	400,000	–	–	400,000	–	400,000
Kevin Wilson	800,000	–	–	–	800,000	–	800,000
Maree Arnason	–	3,000,000	–	–	3,000,000	–	3,000,000
Ronnie Beevor	150,000	–	–	–	150,000	–	150,000
Alan Humphris	150,000	–	–	150,000[1]	–	–	–
James McClements	150,000	–	–	150,000[1]	–	–	–
Executives							
Ron Hite	2,600,000	–	(1,147,000)	(1,453,000)[1]	–	–	–
Total	**3,850,000**	**3,400,000**	**(1,147,000)**	**(1,753,000)**	**430,000**	**–**	**4,350,000**

1 Share rights lapsed at date of resignation as KMP.

23 FINANCIAL RISK MANAGEMENT

Categories of financial instruments

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

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:

in thousands of dollars	**2013**	**2012**
Financial assets		
Cash and cash equivalents	3,277	3,790
Trade and other receivables	418	967
Total	**3,695**	**4,757**
Financial liabilities		
Trade and other payables	668	879
Hire purchase liabilities	37	–
Total	**706**	**879**

Trade and other receivables: analysis of age of financial asset

The aging of trade and other receivables at the reporting date that were not impaired was as follows:

	2013	**2012**
Neither past due nor impaired	418	967

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 2013 and 30 June 2012, there was no allowance for doubtful debts and there were no receivables past due but not impaired.

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. Refer note 2(b)

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:

2013

In thousands of dollars	Carrying amount	Expected/ contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Trade and other payables	668	668	668	–	–	–	–
Loans and borrowings	38	38	11	11	16	–	–
	706	**706**	**679**	**11**	**16**	**–**	**–**

2012

In thousands of dollars	Carrying amount	Expected/ contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Trade and other payables	879	879	879	–	–	–	–
	879	**879**	**879**	**–**	**–**	**–**	**–**

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	**2013**	**2012**
Variable rate instruments		
Cash and cash equivalents	3,277	3,790
Security deposits	294	664
	3,571	**4,454**

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 $3,013 (2012: $16,700)

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 a hire purchase agreement for a vehicle purchased, 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 share issues. There have been no changes in the strategy adopted by Management to control the capital of the Group since the prior year.

24 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.

25 SUBSEQUENT EVENTS

On the 30 June 2013, the Company entered into an agreement with Crystal Yield Investments Limited to sell the Duchess Paradise Project by way of a staged acquisition by Crystal of all the issued shares in Blackfin Pty Ltd, a wholly owned subsidiary of Rey ("Transaction"). Refer Note 7 and Note 2(b) A$3million was paid to Rey on signing and on 30 August 2013, shareholders approved the Transaction.

26 AUDITORS REMUNERATION

in dollars	**2013**	**2012**
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit and review of financial reports	90,023	89,474
	90,023	89,474
Other services		
Auditors of the Company		
KPMG Australia:		
Taxation services	37,650	17,325
Independent experts report	97,850	11,330
Scrutineer's role at AGM	8,500	–
	144,000	**28,655**

27 PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2013 the parent entity of the Group was Rey Resources Limited.

In thousands of dollars	2013	2012
A. Result of parent entity		
Loss for the year	(8,411)	(8,168)
Total comprehensive loss for the year	(8,411)	(8,168)
B. Financial position of parent entity at year end		
Total current assets	3,086	4,008
Total non-current assets	37,658	31,898
Total assets	**40,744**	**35,906**
Total current liabilities	1,519	1,531
Total non-current liabilities	40	33
Total liabilities	**1,559**	**1,564**
Net assets	**39,185**	**34,342**
Total equity of parent entity comprising of:		
Share capital	70,425	57,398
Options reserve	2,089	1,931
Accumulated losses	(33,329)	(24,918)
Total equity	**39,185**	**34,342**

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 2013 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 Directors draw attention to note 2(a) of the consolidated financial statements, which includes a statement of compliance with the International Financial Reporting Standards.

(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.

(d) There are reasonable grounds to believe that the Company 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.

Min Yang
Chairman
Perth, Western Australia
16 September 2013

INDEPENDENT AUDIT REPORT

KPMG

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 2013, 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 Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

KPMG

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 2013 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 2013. 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 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner

Perth

16 September 2013

ASX ADDITIONAL INFORMATION

Additional Shareholder Information

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this Annual Report is set out below. The information was current as at 17 September 2013.

Top 20 Shareholders

The 20 largest shareholders of the Company are listed below:

Name	Number of shares	Percentage held %
1 ASF CANNING BASIN ENERGY PTY LTD	115,000,000	20.50
2 MISS WANYAN LIU	74,100,000	13.21
3 RICKY HOLDINGS LIMITED	55,000,000	9.80
4 MISS MEI CHI JOYCE LEE	45,34,074	8.08
5 NEWAY ENERGY INTERNATIONAL LIMITED	21,036,351	3.75
6 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,840,743	3.00
7 MR HAITAO GENG	15,000,000	2.67
8 MISS DONGMEI YE	11,300,000	2.01
9 MR JUNRUI WU	10,070,210	1.79
10 PYRAMID PEAK INVESTMENTS PTY LTD <MCCLEMENTS FAMILY A/C>	8,884,881	1.58
11 CITICORP NOMINEES PTY LIMITED	6,701,722	1.19
12 MR BRUCE CLEMENT PRESTON	5,820,150	1.03
13 BROWNSTONE INTERNATIONAL PTY LTD	5,000,000	0.89
14 MEGA AHEAD LIMITED	4,947,829	0.88
15 UNIQUE INVESTMENT HOLDINGS PTY LTD <UNIQUE INVEST HOLDINGS A/C>	4,200,000	0.74
16 MR KEVIN JOHN WILSON & MRS JOLA WILSON <LINCOLN SUPERFUND NO 1 A/C>	3,485,000	0.62
17 D B MCKENZIE PTY LTD <SUPERANNUATION FUND A/C>	3,220,000	0.57
18 NATIONAL NOMINEES LIMITED	3,073,560	0.54
19 MS CLAUDIA ESTELA BAHAMONDES	2,500,000	0.44
20 ABN AMRO CLEARING SYDNEY NOMINES PTY LTD <CUSTODIAN A/C>	2,445,735	0.43
TOTAL TOP 20 SHAREHOLDERS	**413,983,261**	**73.80%**

Substantial Shareholders

An extract of the Company's register of substantial shareholders (being those shareholders who held 5% or more of the issued capital on 17 September 2013 and who have provided substantial shareholding notices to the Company) is set out below:

Shareholder	Number of shares	Percentage held
ASF Canning Basin Energy Pty Ltd	115,000,000	22.74
Wanyan Liu	74,100,000	14.66
Ricky Holdings Limited	55,000,000	9.81

Distribution of Equity Securities

There were 727 holders of less than a marketable parcel of ordinary shares (being 6,493 shares on 17 September 2013). 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	327	80,279
1,001 - 5,000	347	1,085,679
5,001 - 10,000	267	2,221,843
10,001 - 100,000	970	38,265,796
100,001 and over	300[1]	519,229,276
TOTALS	2,211	560,882,873

[1] The number of performance right holders by size of holding is set out below:

Performance Rights

Size of Holding	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	3[1]	7,509,961
TOTALS	**3**	**7,509,961**

[1] Ms Maree Arnason holds 3,000,000 performance rights comprising 39.95% of this class. Mr Kevin Wilson holds 4,211,961 performance rights comprising 56.08% of this class.

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.

Securities 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	E04/1386	WA, Australia	21/01/2004	20/01/2014	Blackfin Pty Ltd	9,610	100%
EL	E04/1518	WA, Australia	13/09/2007	12/09/2014	Blackfin Pty Ltd	10,850	100%
EL	E04/1519	WA, Australia	20/04/2006	19/04/2015	Blackfin Pty Ltd	18,910	100%
EL	E04/1219	WA, Australia	18/03/2008	17/03/2015	Blackfin Pty Ltd	6,510	100%
EL	E04/1515	WA, Australia	20/04/2006	19/04/2015	Blackfin Pty Ltd	1,860	100%
EL	E04/1517	WA, Australia	20/04/2006	19/04/2015	Blackfin Pty Ltd	5,580	100%
EL	E04/1719	WA, Australia	10/12/2008	9/12/2013	Blackfin Pty Ltd	7,130	100%
EL	E04/1723	WA, Australia	1/12/2008	30/11/2013	Blackfin Pty Ltd	3,100	100%
EL	E04/1729	WA, Australia	17/10/2008	16/10/2013	Blackfin Pty Ltd	4,960	100%
EL	E04/1381	WA, Australia	21/01/2004	20/01/2015	Blackfin Pty Ltd	4,960	100%
EL	E04/1383	WA, Australia	27/10/2003	26/10/2013	Blackfin Pty Ltd	1,860	100%
EL	E04/1516	WA, Australia	20/04/2006	19/04/2015	Blackfin Pty Ltd	18,910	100%
EL	E04/1529	WA, Australia	20/04/2006	19/04/2015	Blackfin Pty Ltd	21,700	100%
EL	E04/1520	WA, Australia	20/04/2006	19/04/2015	Blackfin Pty Ltd	9,300	100%
EL	E04/1521	WA, Australia	20/04/2006	19/04/2015	Blackfin Pty Ltd	10,850	100%
EL	E04/1522	WA, Australia	20/04/2006	19/04/2015	Blackfin Pty Ltd	21,700	100%
EL	E04/1523	WA, Australia	20/04/2006	19/04/2015	Blackfin Pty Ltd	7,750	100%
EL	E04/1524	WA, Australia	20/04/2006	19/04/2015	Blackfin Pty Ltd	1,860	100%
EL	E04/1525	WA, Australia	13/09/2007	12/09/2014	Blackfin Pty Ltd	10,230	100%
EL	E04/1728	WA, Australia	17/10/2008	16/10/2013	Blackfin Pty Ltd	7,440	100%
EL	E04/1753	WA, Australia	24/02/2009	23/02/2014	Blackfin Pty Ltd	30,380	100%
EL	E04/1767	WA, Australia	4/03/2009	3/03/2014	Blackfin Pty Ltd	1,240	100%
EL	E04/1768	WA, Australia	4/03/2009	3/03/2014	Blackfin Pty Ltd	5,270	100%
EL	E04/1769	WA, Australia	4/03/2009	3/03/2014	Blackfin Pty Ltd	12,090	100%
EL	E04/1770	WA, Australia	4/03/2009	3/03/2014	Blackfin Pty Ltd	16,740	100%
EL	E04/1785	WA, Australia	4/03/2009	3/03/2014	Blackfin Pty Ltd	52,700	100%
EL	E04/1833	WA, Australia	15/10/2009	14/10/2014	Blackfin Pty Ltd	9,920	100%
EL	E04/1834	WA, Australia	24/07/2009	23/07/2014	Blackfin Pty Ltd	9,920	100%
EL	E04/1835	WA, Australia	15/10/2009	14/10/2014	Blackfin Pty Ltd	6,510	100%
EL	E04/1842	WA, Australia	15/10/2009	14/10/2014	Blackfin Pty Ltd	4,650	100%

Licence Type	Licence No.	Location	Grant Date	Expiry Date	Holder	Area (Ha)	Percentage Held
EL	E04/1928	WA, Australia	14/04/2010	13/04/2015	Blackfin Pty Ltd	1,240	100%
EL	E04/1943	WA, Australia	14/04/2010	13/04/2015	Blackfin Pty Ltd	3,720	100%
EL	E04/1944	WA, Australia	19/05/2010	18/05/2015	Blackfin Pty Ltd	620	100%
EL	E04/1971	WA, Australia	6/07/2010	5/07/2015	Blackfin Pty Ltd	1,860	100%
EL	E04/2061	WA, Australia	6/07/2011	5/07/2016	Blackfin Pty Ltd	2,480	100%
EL	E04/2062	WA, Australia	6/07/2011	5/07/2016	Blackfin Pty Ltd	34,410	100%
EL	E04/2089	WA, Australia	20/10/2011	19/10/2016	Blackfin Pty Ltd	1,860	100%
ELA	E04/2138	WA, Australia	Pending		Blackfin Pty Ltd	2,790	100%
ELA	E04/2139	WA, Australia	Pending		Blackfin Pty Ltd	5,890	100%
MA	M04/453	WA, Australia	Pending		Blackfin Pty Ltd	12,964	100%
LA	L04/58	WA, Australia	Pending		Blackfin Pty Ltd	3,138	100%
EP	EP457	WA, Australia	24/10/2007	23/10/2014	Buru Fitzroy Limited	503,780	25%[1]
EP	EP458	WA, Australia	24/10/2007	23/10/2014	Buru Fitzroy Limited	576,022	25%[1]

EL: Exploration Licence
ELA: Exploration Licence Application
MA: Mining Lease Application
LA: Miscellaneous Licence Application
EP: Exploration Permit Petroleum

[1] Rey Resources interest in EP

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