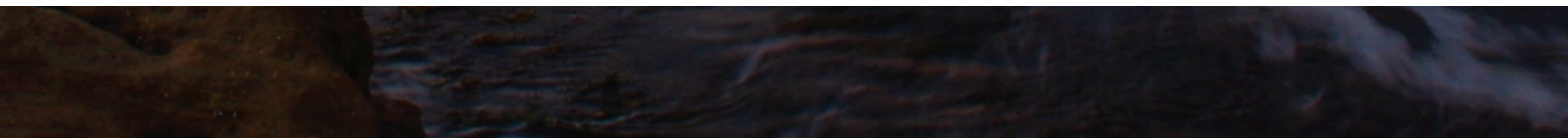
ANNUAL REPORT 2023



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CORPORATE DIRECTORY

Directors

Ms Min Yang	Non-Executive Chairman
Mr Wei Jin	Managing Director
Mr Yan Zhao	Executive Director
Mr Geoff Baker	Non-Executive Director
Mr Qianrui (Stanley) Fu	Non-Executive Director

Company Secretary
Mr William Kuan

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Securities Exchange
Australian Securities Exchange (ASX)
ASX Code: REY

Website
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COMPANY PROFILE

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

Rey holds 100% interest in EP487 (the “Derby Block”) and 40% interest in two prospective Canning Basin petroleum exploration permits - EP457 and EP458 (the “Fitzroy Blocks”). Rey also holds 100% interest in EP104, Retention Licence R1 and Production Licence L15 (together the “Lennard Shelf Blocks”).

Rey has participated and completed a series of exploration works on these permits, including two deep conventional oil wells in Canning Basin, more than 160km of new seismic line acquisition, 2300+km vintage seismic line reprocessing and multiple regional geology and geophysics studies. Rey is aiming to have an extensive exploration activity for future Canning Basin development.

Rey also holds two well-explored coal tenements in the Canning Basin which consist of the Duchess Paradise Coal Project.

Rey also holds 7.5 million fully paid ordinary shares in PZE Limited, representing approximately 5.8% of its issued capital as of 30 June 2023, which holds the Surat Gas Project located at Surat Basin, Queensland.

Rey has an experienced Board and management team and is committed to continue developing its energy assets to deliver maximum value to its shareholders.

CHAIRMAN'S MESSAGE

Dear Shareholders,

It is my pleasure to deliver Rey's Annual Report for the year ended 30 June 2023. We kept our target to bring maximum value to shareholders and contribute to the energy development of the Company by focusing on our energy, oil and gas exploration projects in Canning Basin in WA during this financial year.

During the year, we continued our activities on the engineering and geology evaluation over Lennard Shelf Project which confirmed the hydrocarbon potential and enlarged the prospective resources. The EP104 renewal has also been approved by the DMIRS in March 2023. The renewal maintains Rey's interests in Canning Basin as well as the potential large gas resource assets.

We also proceeded with the exploration works on EP487, the 3D seismic. The project progress is well advanced with 2 contractor quotations under assessment by Rey. The environmental plan work has also been started and we expect an onsite inspection in Q3 2023. We also have been in proactive contact with the traditional owners and landowners for the land access and heritage clearance. The seismic survey is expected to be conducted before end of 2024.

Rey is also committed to the development of gas discovery in R1 through Point Torment-1 well. The sidetrack drilling has also been prepared to be completed in Q3 2024. The sidetrack drilling will focus on the gas bearing zone founded in Point Torment-1. A short-term flow testing will also be proposed after the drilling.

I would like to thank all our shareholders and stakeholders for their support and understanding through this year. I also want to thank our staff and management team for their work over the past year and look forward to another exciting year.

Min Yang
Non-executive Chairman

BUSINESS PERFORMANCE AND OUTLOOK

OIL & GAS

1. Canning Basin – the Fitzroy Blocks (EP457 and EP458)

1.1 Background

Equity interests in the Fitzroy Blocks (EP457 and EP458) are currently:

Rey (Rey Oil & Gas Pty Ltd)	40%	(including 6.664% free carried to production)
Buru	60%	(Operator)

The Fitzroy Blocks are located in the Canning Basin in the northwest of Western Australia (refer Figure 1 below).

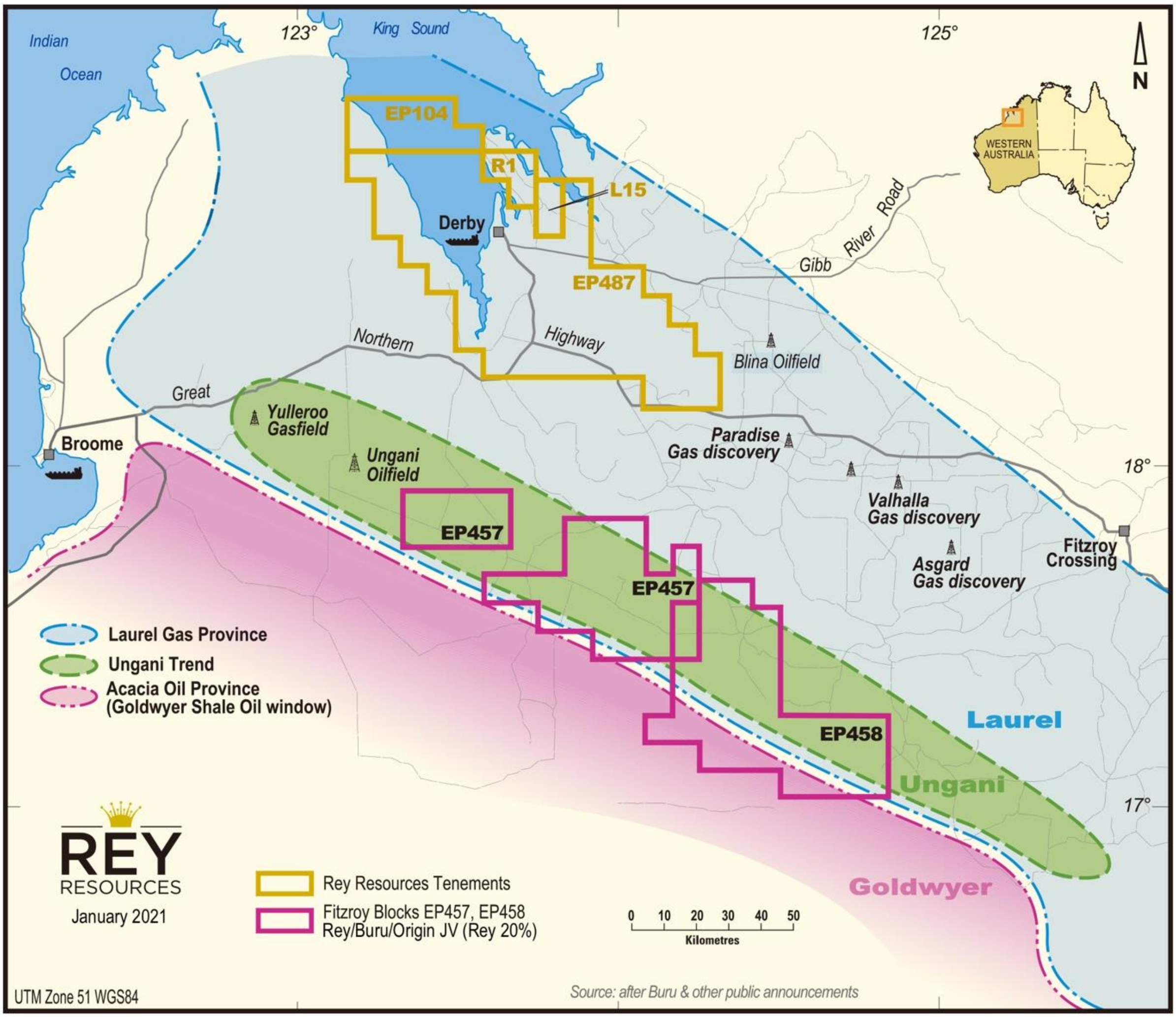

Figure 1: The three major prospective trends relative to Fitzroy Blocks EP457 and EP458 and Derby Block EP487.

1.2 Work program during the year

An Operation Committee Meeting was held between the Joint Venture partners during the report period to update the understanding of regional geology and present the proposed 3D seismic survey over Rafael prospect in EP487. After reviewing the work program, Rey chose not to participate in the project in considering its strategy that focus on a wider development scope over the whole permits. In June 2023, Rey received a solo risk notice according to terms of JOA from Buru for the proposed Rafael 3D seismic survey.

2. Canning Basin - the Derby Block (EP487)

2.1 Background

The Derby Block (EP487) is a large petroleum exploration permit of approximately 5,000 km^2. It occurs to the north-west of Rey's interests in the Fitzroy Blocks. The Derby Block is considered to be predominantly a Wet Laurel Basin Centred Gas play ("BCG") which is regionally extensive throughout the Canning Basin (refer to Figure 2 below) and has been the subject of exploration in the Canning Basin by other parties in 2015, resulting in encouraging flow tests by Buru Energy at Valhalla and Asgard (please refer various BRU ASX releases including releases dated 20 January 2016 and 18 April 2016).

Rey is holding 100% of the equity interest in the Derby Block through the following subsidiaries:

Rey Lennard Shelf Pty Ltd	50%
Rey Derby Block Pty Ltd	50%

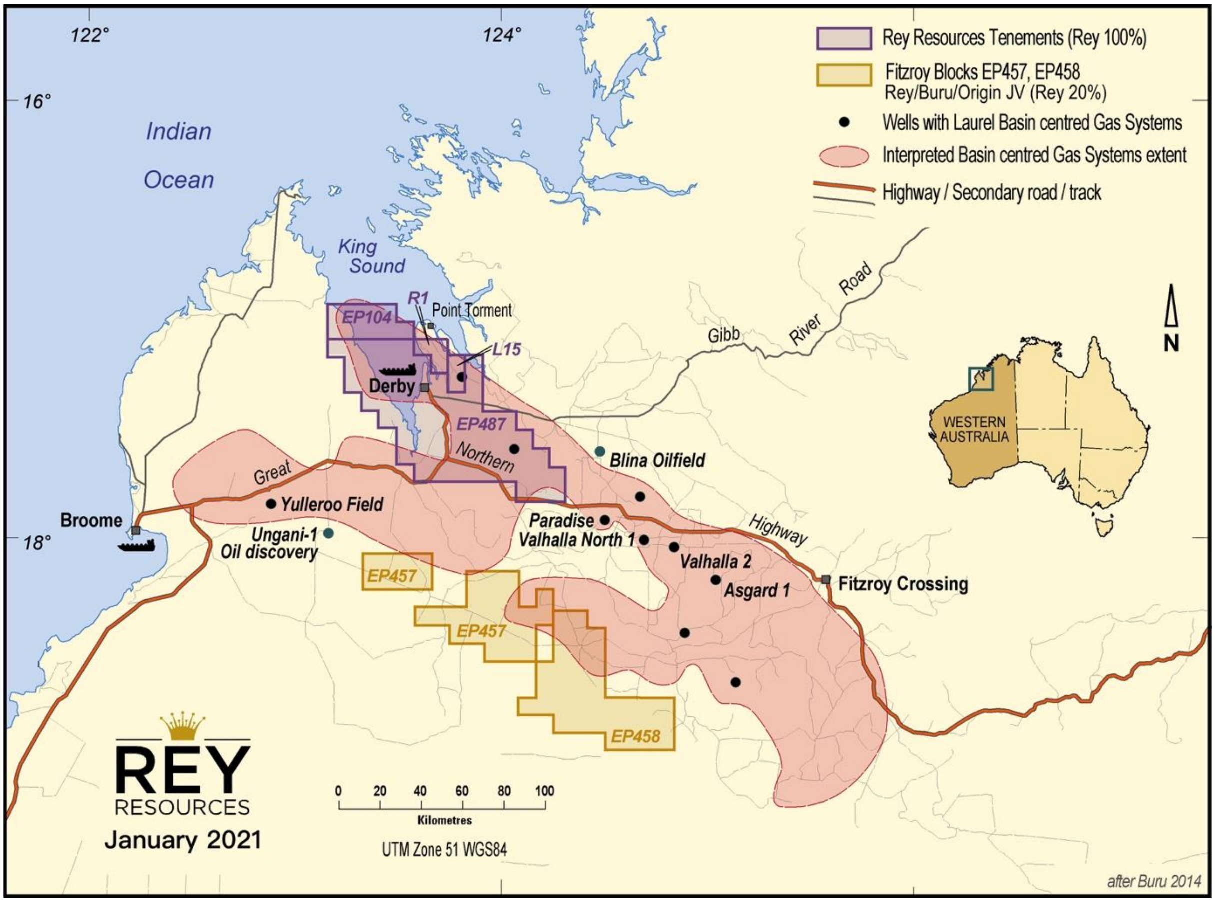

Figure 2: Interpreted extent of the Laurel Basin gas system in relation to Rey's petroleum interests (after Buru and others).

2.2 Work program during the year

Rey is actively planning the committed large scale 3D Seismic survey over Butler prospect during the year. Basic seismic design has been completed with plans to cover East Yeeda prospect over south-east part of the permit. The environmental plan works has also been started that aiming to have the onsite survey before rain season in 2023. Three quotations from seismic contractors have also been received which are under consideration by the management. Other works include stakeholder contact, heritage survey and land access discussion will be conducted in the new financial year.

3. Lennard Shelf Blocks – EP104, R1 and L15

3.1 Background

Rey holds 100% interest in the Lennard Shelf Blocks which comprises EP104, a Retention Lease (R1) and one Production License (L15). The Lennard Shelf Blocks are situated north of Rey's existing interests in the Canning Basin (refer Figure 3) petroleum exploration license EP487 and covering a total area of approximately 1,000 km^2 and considered prospective for conventional oil and tight gas. Rey was granted the R1 term 3 renewal in August 2022 for a 5 years period.

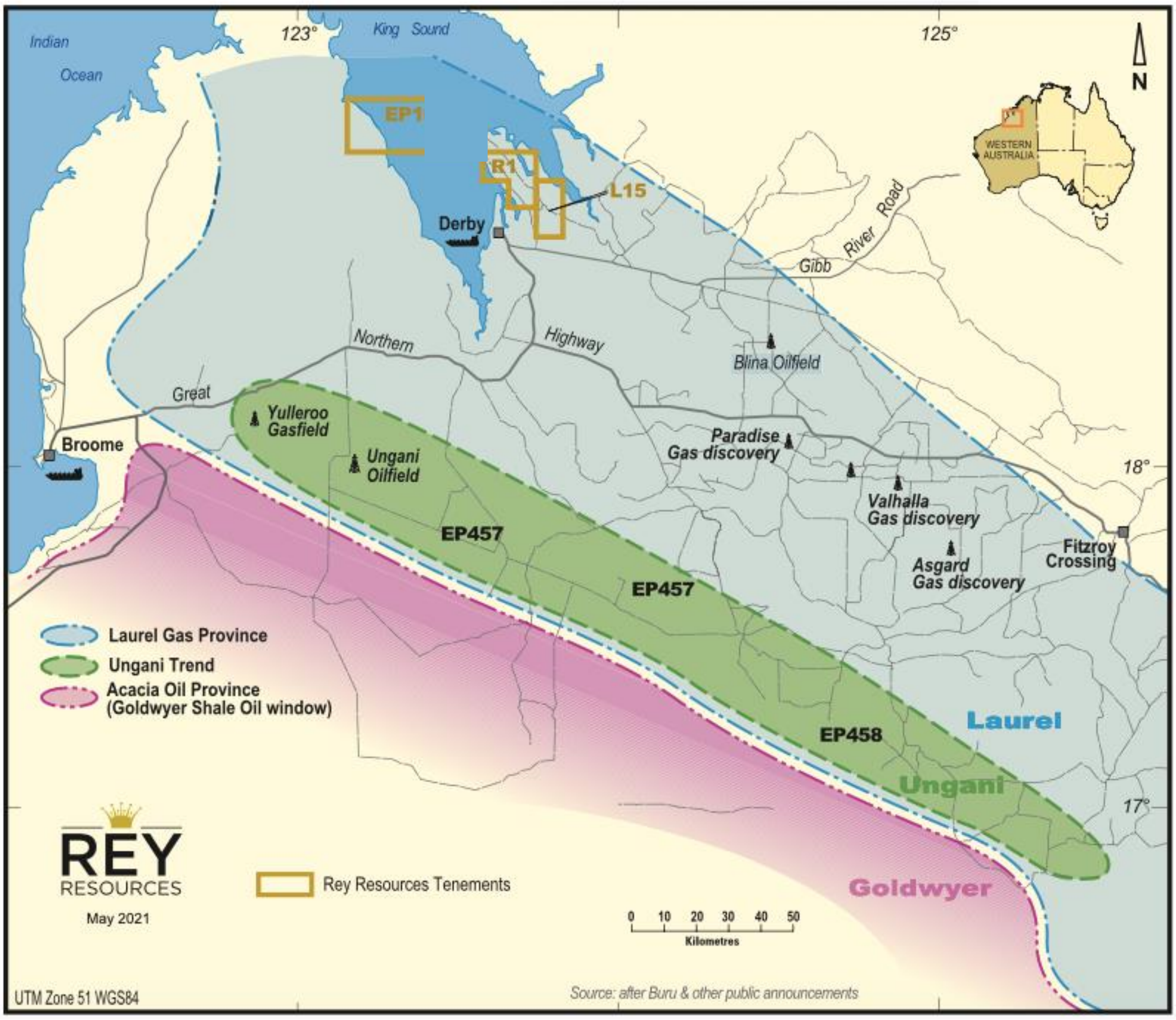

Figure 3: Location of Lennard Shelf Blocks

3.2 Work Program during the year

During the last 12 months, Rey was focused on the proposed sidetrack drilling planning over Point Torment-1, new well drilling concept and P&A study over R1 area. A third party consultant has been engaged for all the engineering design work. The target of the sidetract drilling is the gas bearing zone identified during drilling of Point Torment-1. A short term flow testing will be carried out after the sidetrack drilling program. This work program needs to be completed before August 2024 and Rey commits to complete in Q3 2024.

Rey was also granted the renewal of EP104 in April 2023 for a new 5 years term, 50% permit area has been relinquished as required by the Act. The renewal work program includes new seismic and a well in the region at last permit year.

4. Surat Gas Project

Surat Gas Project was invested by the Company since Dec 2020 through Southernpec (Australia) Pty Ltd ("SouthnA").

In end of June 2022, Rey signed a Share Buy-back Deed with SouthnA pursuant to which SouthnA bought back all the shares in SouthnA held by Rey for 7.5 million fully paid ordinary shares representing approximately 9.9% of PZE Limited ("PZE") as of 30 June 2022. Please refer to the announcement released by Rey on 4 July 2022. The share buyback by SouthnA and share issue by PZE was completed in August 2022.

Surat Gas Project has good conventional resources potential and good production history, as planned with Rey, a reproduction work program, new 3D seismic and new well drilling works has been proposed for further development and appraisal.

During the report period, a resources assessment study was completed which confirms ~120PJ conventional and CSG 2C resources in the permit. PZE plans to re-access to 2 suspended wells at eastern part of the permit to explore the conventional gas potential.

COAL

The Duchess Paradise Coal Project ("DP Project") is a proposed bituminous thermal coal operation of up to 3 million tonnes per annum in the Canning Basin, north Western Australia. A Definitive Feasibility Study ("DFS") of the Project was completed in June 2011 and the first phase update of the DFS has been completed in 2018.

Since Rey agreed to attend the face-to-face meeting proposed in April/May 2023, Rey received no further responses from the Native Title holders. Rey will keep following up and communicating with Native Title holders for the heritage protection agreement negotiation.

CORPORATE

During the year, Mr Yan Zhao and Mr Stanley Fu were appointed Directors of the Company with effect from 29 November 2022 and 15 May 2023 respectively. Mr Louis Chien resigned as Alternate Director and Mr Dachun Zhang resigned as Non-executive Director respectively on 1 October 2022 and 29 November 2022. The Board would like to thank Mr Chien and Mr Zhang for their valuable contributions during their tenures with the Company.

On 30 May 2023, the Company announced that both ASF Group Limited and Ms Wanyan Liu had agreed to extend the maturity date of the loan facilities granted to Rey by 1 year to 31 October 2024. Ms Liu also agreed to increase the loan facility provided to Rey by $3 million to a total of $20 million.

Subsequent to the financial year end on 17 August 2023, the Company announced the extension of its on-market buyback program for a further 12 months from 1 September 2023. During the year ended 30 June 2023, the Company bought back 210,000 shares at an average price of approximately $0.1447 per share under the previous buyback program.

ANNUAL RESERVES AND RESOURCES STATEMENT

Mineral Resources and Ore Reserves Comparison

During the report period, Rey continued the review of the JORC resources of Duchess Paradise P1-seam and expects a minor impact from the surrendered tenement of E04/1386. An updated JORC resources in accordance with JORC 2012 is expected to be reported to ASX once the assessment work is completed. Rey also continued the re-estimation of Ore Reserves for Duchess Paradise P1 seam during the report period.

As a result, the Company is not in a position to report the outcome of its annual review of Ore Resources and Reserves in this Annual Report.

Oil and Gas Resources and Reserves

The Company reviews its Oil and Gas Reserves, Contingent and Prospective Resources at least annually in accordance with ASX Listing Rule 5.39 and 5.40. The date of reporting is 30 June each year to coincide with the release of its Annual Report. If there are any material changes to its Oil and Gas Reserves and Contingent Resources over the course of the year, the Company is required to promptly report these changes as they occur.

EP487 (Derby Block)

An estimate of the gross Prospective Potential Recoverable Resource estimate (Tcf gas recoverable) of the BCG play in the Derby Block (onshore portion) was initially provided by independent consultant 3D GEO in June 2017 and annually reviewed over the following 5 years. The Company's 100% interest in these Prospective Potential Recoverable Resources (unrisked, probabilistic estimate) of the Derby Block BCG play is provided in Table 2 below.

Prospective Potential Recoverable Resources SPE PRMS (2011)[3]				
		P90	**P50**	**P10**
Gas in place	Tcf[1]	68.0	169.6	412.9
Recoverable Gas	Tcf[1]	9.4	28.4	81.1
Recoverable Condensate	MMbbl[2]	239	707	2,066
Recoverable BOE	MMBOE[4]	1,852	5,283	15,096

Table 2: Rey Resources' 100% attributable interest in the gross Prospective Potential Recoverable Resources estimate of the Laurel BCG in EP487 (estimate prepared by 3D-GEO June 2017).

1 Tcf- trillion cubic feet.
2 MMbbl- million barrels.
3 SPE PRMS (2011) - Society of Petroleum Engineers Petroleum Resource Management System (2011).
4 MMBOE- million barrels oil equivalent. Calculated using ratio of 6.22 billion cubic feet of gas equivalent to 1 million barrels of crude oil.

Prospective Resources are the estimated quantities of petroleum that may be potentially recovered by the application of a future development project and relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

During the report period, Rey reviewed the resources of EP487 in May 2023 with third party consultant, 3D GEO. The results indicated that no adjustment is required to the resources of EP487 initially released in June 2017.

L15

A review of Rey's oil Reserves and contingent Resources for the West Kora Oilfield in L15 was conducted by Rey in June 2023. The review showed no changes are required. Detailed Reserves of West Kora Oilfield in L15 is listed in Table 3 below:

Table 3: Estimated Remaining Petroleum Reserves and Contingent Resources West Kora Oilfield

		1P	**2P**	**3P**
West Kora Oilfield Recoverable Oil	Mstb[1]	67	238	593
		1C	**2C**	**3C**
West Kora Oilfield Recoverable Contingent Resources	Mstb	13.2	60.7	226.4

[1] Mstb – Thousand stock tank barrels of oil.

R1

In May 2022, Rey appointed independent evaluator, RISC to carry out a resources review over R1 and the results were initially released in July as part of the Company's June Quarterly Report. The updated Resources are shown as below:

Gas and condensate	Unit	Contingent Resources		
		1C	2C	3C
Point Torment Raw GIIP	Bscf	5.76	11.9	21.2
Point Torment Sales Gas	Bscf	3.2	7.5	14.2
	PJ	4.1	9.5	18
Point Torment Condensate	000 stb	16	38	71

The Contingent Resources in Point Torment were reviewed in September 2023 by Mr John Begg, who is a highly experienced petroleum geologist familiar with the project area. Mr John Begg agrees the resources review result from RISC.

Governance Arrangements and Internal Controls

The Resources and Reserves reported have been generated by independent external consultants who are experienced in best practice modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to generate the applicable estimations. In addition, Rey management carries out regular reviews of internal processes and external contractors that have been engaged by the Company.

Competent Persons Statements

Oil and Gas Reserves and Resources

The oil and gas technical information quoted in this Annual Report has been compiled and/or assessed by Mr Keith Martens who is a self-employed consulting professional geologist, and a continuous Member of the Petroleum Exploration Society of Australia since 1999. Mr Martens has a BSc degree in geology/geophysics and has over 37 years' experience in the petroleum industry.

The oil and gas Reserves and prospective Resources quoted in this Annual Report for EP487 and L15 has been compiled and/or assessed by Mr. Keven Asquith who is a qualified petroleum reserves and resources evaluator. Mr Asquith is Director of 3D-GEO Pty Ltd and has over 35 years of geotechnical experience in the Petroleum Industry, as well as seven years of Project Management in the Government Sector. His experience includes four years at ESSO Resources Canada, 16 years at BHP Petroleum in Melbourne and the 16 years consulting at 3D-GEO. Keven has an Honours BSc in Geology and a Diploma in Project Management. He has been a member of the American Association of Petroleum Geologists for over 30 years.

The Contingent Resources review quoted in this Annual Report for R1 have been assessed by Mr John Begg who has over 43 years of experience in the oil and gas industry. Mr Begg is a member of the American Association of Petroleum Geologists (AAPG) and the Petroleum Exploration Society of Australia (PESA). He is a recipient of the John Doran award for lifetime achievement in the upstream oil and gas industry (an Annual award presented at the Good Oil Conference). Mr Begg consents to the inclusion of the information in this report relating to hydrocarbon Contingent Resources in the form and context in which it appears.

The Company confirms that the form and context in which the information is presented has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this announcement. The Oil and Gas section of this Annual Mineral Resources and Reserves Statement is based on and fairly represents information and supporting documentation prepared by competent persons and has been approved as a whole by Mr Martens. Mr Martens has consented to the inclusion in this report of the matters based on the information in the form and context in which they appear.

DIRECTORS' REPORT

The Directors of Rey Resources Limited ("Rey" 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 2023.

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
Mr Wei Jin	Managing Director
Mr Geoff Baker	Non-Executive Director
Mr Yan Zhao	Executive Director *(appointed 29 November 2022)*
Mr Qianrui (Stanley) Fu	Non-Executive Director *(appointed 15 May 2023)*
Mr Dachun Zhang	Independent Non-Executive Director *(resigned 29 November 2022)*
Mr Louis Chien	Alternate Director to Ms Min Yang *(resigned 1 October 2022)*
Mr William Kuan	Executive Director *(appointed 6 March 2023 and resigned 15 May 2023)*

Details of Directors' qualifications, experience, special responsibilities and directorships of other listed companies can be found on pages 13 to 16.

2. INFORMATION ON DIRECTORS AND OFFICERS

Directors	Designation and Independence status	Experience, expertise and qualifications	Directorships of other 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 and has over 30 years of hands-on experience dealing with private and state-owned enterprises in the Asia-Pacific region. Over the years, Ms Yang has proven her unique business insight and expertise in the identification, incubation and realisation of real asset investment opportunities.	• ASF Group Limited (September 2005, ongoing) • ActiveEX Limited (May 2012, ongoing) • Key Petroleum Limited (January 2014, ongoing) • BSF Enterprise PLC (appointed 5 September 2018, ongoing)	• Non-Executive Chairman • Member, Audit and Risk Management Committee
Wei Jin Appointed Non-Executive Director on 2 December 2013. Appointed Managing Director on 1 July 2016.	Managing Director	Wei Jin holds PhD in Science from China University of Geosciences. He has over 20 years' professional experience covering exploration, mineral industry construction and operation, as well as international mineral trading activities in Australia, China, Russia and Mongolia.	None	• Member, Audit and Risk Management Committee
Geoff Baker Appointed on 13 September 2012	Director Non-Executive	Qualifications – BCom, LLB, MBA For the past 35+ years Mr Baker has been active in China, Asia and UK working in law and conducting a practice in assisting companies doing business in the region. As an experienced lawyer qualified to practice in Australia and Hong Kong, Mr Baker provides valuable assistance to the Company's operations and in particular to the negotiation, structuring and implementation of joint venture and other agreements with investors and key strategic partners.	• ASF Group Limited (November 2006, ongoing) • ActiveEX Limited (appointed February 2013. Resigned June 2017 and re-appointed August 2017, ongoing) • Key Petroleum Limited (January 2014, ongoing) • BSF Enterprise PLC (appointed 5 September 2018, ongoing)	• Chairman, Audit and Risk Management Committee

Directors	Designation and Independence status	Experience, expertise and qualifications	Directorships of other listed companies during the last three years	Special responsibilities during the year
Current				
Yan Zhao Appointed on 29 November 2022	Director Executive	Mr Zhao has over 17 years of management and engineering experience in coal exploration, mining industry business development both in Australia and China, as well as networks. Before 2017, he worked in a Chinese company (Australia branch) and held several essential positions. He holds a Bachelor Degree of Mechanical Engineering and Automatization, Agricultural University of Hebei. He also holds a senior engineer certificate in China.	None	None
Qianrui (Stanley) Fu Appointed on 15 May 2023	Director Non-Executive	Mr Fu was working for the Company as Operation Manager for 5 years until July 2022. He has over 10 years experience in commercial management, research and analysis, operations as well as delivery of complex projects within the oil and gas industry.	None	None

Directors	Designation and Independence status	Experience, expertise and qualifications	Directorships of other listed companies during the last three years	Special responsibilities during the year
Resigned				
Dachun Zhang Appointed on 1 July 2013, resigned 29 November 2022	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. Mr Zhang, a resident of Victoria, Australia brings extensive international experience and Chinese business relationships to the Board of Rey.	None	• Chairman, Audit and Risk Management Committee

Directors	Designation and Independence status	Experience, expertise and qualifications	Directorships of other listed companies during the last three years	Special responsibilities during the year
Resigned				
Louis Chien Appointed Alternate Director to Non-Executive Chairman, Ms Min Yang on 11 January 2016, resigned 1 October 2022	Alternate Director	Mr Chien was born in Shanghai, China, grew up and was educated in the United States, and is now based in Australia. He has 20+ years of corporate experience based in Australia, the United States and Singapore and has held various engineering and finance leadership positions within The Procter & Gamble Company (P&G). He has managed organisations across the Americas, Europe and Asia-Pacific, and is currently a director of ASX listed ASF Group Limited. Mr Chien holds a Master of Business Administration in finance from Kelley School of Business, Indiana University, and two bachelor degrees in Architecture, all attained in the United States.	• ASF Group Limited (May 2015, ongoing) • Key Petroleum Limited (appointed 1 October 2021, ongoing) • ActivEX Limited (appointed Alternate Director to Ms Min Yang on 20 April 2020, resigned 10 August 2022)	None
William Kuan Appointed on 6 March 2023, resigned 15 May 2023	Director Executive	Mr Kuan was appointed to the position of Company Secretary of the Company on 1 July 2020. Mr Kuan holds a Master Degree in International Accounting. He is a Fellow of CPA Australia and an Associate of The Chartered Governance Institute UK & Ireland (formerly ICSA) and The Hong Kong Chartered Governance Institute (formerly HKICS). Mr Kuan has extensive experience in accounting, corporate finance and company secretarial areas. He is currently a Director and Company Secretary of ASF Group Limited ("ASF"), a substantial shareholder of the Company. Prior to joining ASF, he was company secretary for a number of diverse Hong Kong listed companies.	• ASF Group Limited (April 2014, ongoing)	None

3. COMPANY SECRETARY

Mr William Kuan was appointed to the position of Company Secretary on 1 July 2020. Mr Kuan holds a Master Degree in International Accounting. He is a Fellow of CPA Australia and an Associate of The Chartered Governance Institute UK & Ireland (formerly ICSA) and The Hong Kong Chartered Governance Institute (formerly HKICS). Mr Kuan has extensive experience in accounting, corporate finance and company secretarial areas. He is currently a Director and Company Secretary of ASF Group Limited, a substantial shareholder of the Company. Prior to joining ASF, he was company secretary for a number of diverse Hong Kong listed companies.

4. DIRECTORS' ATTENDANCE AT MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	**Meetings**	
	A	**B**
Min Yang	5	5
Wei Jin	5	5
Geoff Baker	5	5
Yan Zhao	2	2
Qianrui (Stanley) Fu	0	0
Dachun Zhang	3	3
Louis Chien	0	2
William Kuan	1	1

A - Number of meetings attended.
B - Number of meetings held during the time the Director held office.

The Company has established an Audit and Risk Management Committee, which was previously chaired by Independent Non-Executive Director Mr Dachun Zhang. Upon resignation of Mr Dachun Zhang as Director on 29 November 2022, Mr Geoff Baker was elected Chairman of the Committee. The number of Audit and Risk Management Committee meetings and number of meetings attended by each of the members of the Committee during the financial year are:

Director	**Meetings**	
	A	**B**
Min Yang	2	2
Wei Jin	2	2
Geoff Baker	2	2
Dachun Zhang	1	1

A - Number of meetings attended.
B - Number of meetings held during the time the Director held office.

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	200,000	Nil	Nil
Geoff Baker	200,000	Nil	Nil
Wei Jin	200,000	Nil	Nil
Yan Zhao	Nil	Nil	Nil
Qianrui (Stanley) Fu	Nil	Nil	Nil

6. REMUNERATION REPORT – AUDITED

This remuneration report outlines the Director and executive remuneration arrangements for Rey in accordance with the requirements of the *Corporations Act 2001* and its associated 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 as KMP below are included in the report. The report will provide an explanation of Rey'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, if any.

2023 Key Management Personnel

The KMP of Rey during the year ended 30 June 2023 were:

Non Executive	
Min Yang	Non-Executive Chairman (appointed 13 September 2012)
Geoff Baker	Non-Executive Director (appointed 13 September 2012)
Qianrui (Stanley) Fu	Non-Executive Director (appointed 15 May 2023)
Dachun Zhang	Independent Non-Executive Director (appointed 1 July 2013, resigned 29 November 2022)
Louis Chien	Alternate Director to Ms Min Yang (appointed 11 January 2016, resigned 1 October 2022)
Executive	
Wei Jin	Managing Director (appointed Non-Executive Director 2 December 2013, appointed Managing Director 1 July 2016)
Yan Zhao	Executive Director (appointed 29 November 2022)
William Kuan	Executive Director (appointed on 6 March 2023, resigned 15 May 2023)

6. REMUNERATION REPORT – AUDITED (continued)

6.1 Principles of compensation (continued)

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 KMP 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.
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 Board is responsible for 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 Board 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 6.5.

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.

6. REMUNERATION REPORT – AUDITED (continued)

6.1 Principles of compensation (continued)

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.

Long term incentive

Executives are eligible to participate in the Rey Resources Limited Executive Incentive Rights Plan ("EIRP"), which was first adopted by shareholders on 23 November 2011 and most recently re-approved at the Company's 2018 Annual General Meeting. The EIRP aligns the reward of the participants with the long term creation of shareholder value.

The EIRP enables participants to be granted rights to acquire shares subject to the satisfaction of certain vesting conditions which will be determined by the Board from time to time. 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 has been designed to deliver benefits based on the value of shares when performance and service conditions are satisfied. The benefits may be provided in cash or a combination of cash and shares.

No EIRP was granted during the year.

6. REMUNERATION REPORT – AUDITED (continued)

6.1 Principles of compensation (continued)

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 Total Shareholder Return ("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 below drivers is the mechanism through which shareholder wealth will be created.

The only relevant financial measure at this point is the Rey share price for which the history is presented below. Absolute TSR performance is the basis for long term incentive awards under the EIRP.

	2023	2022	2021	2020	2019
Rey Closing Share Price as at 30 June	0.175	0.26	0.27	0.31	0.31

Consequences of performance on shareholder wealth

	2023	2022	2021	2020	2019
Loss ($'000)	(2,232)	(1,798)	(1,323)	(1,880)	(8,923)
Dividends declared	-	-	-	-	-
Total shareholder return (TSR)%	(33%)	(4%)	(13%)	0%	(3%)

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.

NED fees comprise a fixed annual fee, with no participation in any performance rights plan.

The fees payable to each NED were as follows: Ms Yang $2,000 per month payable to her related entity, Luxe Hill Limited; Mr Baker $2,500 per month payable to his related entity, Gold Star Industry Ltd; Mr Zhang $1,041.67 per month payable to his related entity, AMI Corporation Pty Ltd; Mr Fu $4,500 per month payable to his related entity, Stanley F Consulting Pty Ltd.

6. REMUNERATION REPORT – AUDITED (continued)

6.2 Directors' and executive officers' remuneration

The table below sets out the remuneration of the Group's KMP for the years ended 30 June 2022 and 30 June 2023.

	Short Term Benefits			Post-employment Benefits	Other Long Term employee benefit [1]	Share Based Payments	Termination Benefits	Total
	Cash salary/ Fees	Annual Incentive	Non-monetary	Super	LSL & AL	Rights / Options	Termination Payments	
	$	$	$	$	$	$	$	$
M Yang - Non-Executive Chairman - Appointed 13 September 2012								
2023	24,000	-	-	-	-	-	-	24,000
2022	24,000	-	-	-	-	-	-	24,000
G Baker - Non-Executive Director - Appointed 13 September 2012								
2023	30,000	-	-	-	-	-	-	30,000
2022	30,000	-	-	-	-	-	-	30,000
W Jin - Managing Director - Appointed Non-Executive Director 2 December 2013, appointed Managing Director 1 July 2016								
2023	60,002	-	-	6,300	-	-	-	66,302
2022	60,002	-	-	6,000	-	-	-	66,002
Y Zhao - Executive Director – Appointed 29 November 2022								
2023	46,667	-	-	4,900	-	-	-	51,567
2022	-	-	-	-	-	-	-	-
S Fu - Non-Executive Director – Appointed 15 May 2023								
2023	6,750	-	-	-	-	-	-	6,750
2022	-	-	-	-	-	-	-	-
D Zhang - Non-Executive Director - Appointed 1 July 2013, resigned 29 November 2022								
2023	5,208	-	-	-	-	-	-	5,208
2022	12,500	-	-	-	-	-	-	12,500
L Chien - Alternate Director - Appointed 11 January 2016, resigned 1 October 2022								
2023	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
W Kuan – Executive Director – Appointed 6 March 2023, resigned 15 May 2023								
2023	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
TOTAL								
2023	172,627	-	-	11,200	-	-	-	183,827
2022	126,502	-	-	6,000	-	-	-	132,502

[1] In accordance with his contract Wei Jin does not accrue long term employee benefits.

6.3 Equity instruments

No share rights were granted during the financial year.

No options and rights over ordinary shares in the Company were granted during the financial year.

6. REMUNERATION REPORT – AUDITED (continued)

6.4 Key employment contract

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

Name and Position	Contract Term	Termination by Company	Termination by Executive
Wei Jin, Managing Director	Ongoing	3 months' notice or payment in lieu.	3 months' notice or payment in lieu.
Yan Zhao, Executive Director	Ongoing	4 weeks' notice or payment in lieu.	4 weeks' notice or payment in lieu.
Qianrui (Stanley) Fu, Non-Executive Director	Ongoing	1 month's notice or payment in lieu.	1 month's notice or payment in lieu.

Other Non-Executive Directors are engaged by a letter of appointment for a term as stated in the Constitution of the Company. They may resign from office by notice to the Chairman. Non-Executive Directors receive annual fees. There are no post-employment benefits.

6.5 Remuneration Consultant

The Board may seek 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.

No external advisors were engaged on remuneration matters for the 2023 financial year.

6.6 Movements in share holdings

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:

2023 Directors	Held at 1 July 2022	Received as compensation	Received on exercise of options/rights	Other changes	Held at 30 June 2023
Min Yang[1]	200,000	-	-	-	200,000
Geoff Baker[2]	200,000	-	-	-	200,000
Wei Jin[3]	200,000	-	-	-	200,000
Yan Zhao	-	-	-	-	-
Qianrui (Stanley) Fu	-	-	-	-	-
Dachun Zhang[4]	777,414	-	-	(777,414)	-
Louis Chien[5]	-	-	-	-	-
William Kuan[6]	-	-	-	-	-
Total	1,377,414	-	-	(777,414)	600,000

1. The shares are held by Luxe Hill Ltd, of which Min Yang is a director and shareholder.
2. The shares are held by Gold Star Industry Ltd, of which Geoff Baker is a director and shareholder.
3. The shares are held by Renown Capital Holdings Ltd, of which Wei Jin is a director and shareholder.
4. The shares are held by Greenhouse Investment (VIC) Pty Ltd ATF AMF Superannuation Fund. Dachun Zhang is a director of Greenhouse Investment (VIC) Pty Ltd and a beneficiary of the AMF Superannuation Fund. Dachun Zhang resigned as Director on 29 November 2022.
5. Louis Chien resigned as Alternate Director to Ms Min Yang on 1 October 2022.
6. William Kuan was appointed as Director on 6 March 2023 and resigned on 15 May 2023.

6. REMUNERATION REPORT – AUDITED (continued)

6.7 Movements in Option holdings

No KMP held or were issued options during the 2023 reporting period.

6.8 Movement in Share right holdings

No KMP held or were issued share rights during the 2023 reporting period.

6.9 Loans to KMP and their related parties

During the financial year and to the date of this report, the Company made no loans to directors and other KMP and none were outstanding as at 30 June 2023.

6.10 Other transactions with KMP

There were no other disclosable transactions with KMP during the 2023 reporting period.

7. PRINCIPAL ACTIVITIES

The principal activity of Rey is exploring for and developing energy resources in Western Australia's Canning Basin. The Company holds 40% interest in petroleum permits EP457 & 458 in joint venture with Buru and Origin, 100% interest in the Derby Block EP487 and petroleum exploration permit EP104, retention licence R1 and production licence L15. Rey also holds 100% interests in Duchess Paradise Coal Project.

Rey also holds 7.5 million fully paid ordinary shares in PZE Limited, representing approximately 5.8% of its issued capital as of 30 June 2023, which in turn holds the Surat Gas Project located at Surat Basin, Queensland. PZE Limited is a public company incorporated in Australia.

8. RESULTS FOR THE YEAR AND REVIEW OF OPERATIONS

Oil and Gas

Fitzroy Blocks (EP457 & EP458)

An Operation Committee Meeting was held between the Joint Venture partners during the report period to update the understanding of regional geology and present the proposed 3D seismic survey over Rafael prospect in EP487. After reviewing the work program, Rey chose not to participate in the project in considering its strategy that focus on a wider development scope over the whole permits. In June 2023, Rey received a solo risk notice according to terms of JOA from Buru for the proposed Rafael 3D seismic survey.

Derby Block (EP487)

Rey is actively planning the committed large scale 3D Seismic survey over Butler prospect during the year. Basic seismic design has been completed with plans to cover East Yeeda prospect over south-east part of the permit. The environmental plan works has also been started that aiming to have the onsite survey before rain season in 2023. Three quotations from seismic contractors have also been received which are under consideration by the management. Other works include stakeholder contact, heritage survey and land access discussion will be conducted in next 6 months.

8. RESULTS FOR THE YEAR AND REVIEW OF OPERATIONS (continued)

Lennard Shelf Blocks (EP104, R1, L15)

During the last 12 months, Rey was focused on the proposed sidetrack drilling over Point Torment-1, new well drilling concept and P&A study over R1 area. A third party consultant has been engaged for all the engineering design work. The target of the sidetract drilling is the gas bearing zone identified during drilling of Point Torment-1. A short-term flow testing will also be carried out after the sidetrack drilling program. This work program needs to be completed before August 2024 and Rey commits to complete in Q3 2024.

Rey was also granted the renewal of EP 104 in April 2023 for a new 5 years term, 50% permit area has been voluntarily relinquished as required by the Act. The renewal work program includes new seismic and a well in the region at last permit year.

Coal

Duchess Paradise Projects

Since Rey agreed to attend the face-to-face meeting proposed in April/May 2023. Rey received no further responses from the Native Title holders. Rey will keep following up and communicating with Native Title holders for the heritage protection agreement negotiation.

Corporate

During the year, Mr Yan Zhao and Mr Stanley Fu were appointed Directors of the Company with effect from 29 November 2022 and 15 May 2023 respectively. Mr Louis Chien resigned as Alternate Director and Mr Dachun Zhang resigned as Non-executive Director respectively on 1 October 2022 and 29 November 2022. The Board would like to thank Mr Chien and Mr Zhang for their valuable contributions during their tenures with the Company.

On 30 May 2023, the Company announced that both ASF Group Limited and Ms Wanyan Liu had agreed to extend the maturity date of the loan facilities granted to Rey by 1 year to 31 October 2024. Ms Liu also agreed to increase the loan facility provided to Rey by $3 million to a total of $20 million.

Subsequent to the financial year end on 17 August 2023, the Company announced the extension of its on-market buyback program for a further 12 months from 1 September 2023. During the year ended 30 June 2023, the Company bought back 210,000 shares at an average price of approximately $0.1447 per share under the previous buyback program.

Financial review

Net loss of the Group after income tax for the year ended 30 June 2023 was $2,232,000, an increase of approximately 24% compared with the loss of $1,798,000 for the last year. Losses for the year was mainly attributed to the finance costs of $1,724,000, which was principally interest accrued for the loans granted by ASF and Liu.

As at the balance sheet date, the Group had undrawn loan facilities of $6.88 million from Ms Wanyan Liu and ASF Group Ltd.

9. DIVIDENDS

No dividend has been paid or declared by the Company during the financial year ended 30 June 2023 (2022: nil) and the Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2023.

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 Group.

12. PERFORMANCE RIGHTS OVER UNISSUED SHARES

Performance rights on Issue
As at the date of this report there were no performance rights on issue.

Performance rights vested, forfeited or lapsed
No performance rights were vested and converted to shares during the year.

13. OPTIONS OVER UNISSUED SHARES

Options on Issue
During the financial year and as at the date of this report there are no options on issue.

14. ENVIRONMENTAL DISCLOSURE

The Group's operations are subject to various laws governing the protection of the environment in areas such as protection of water quality, waste emission and disposal, environmental impact assessments, exploration rehabilitation 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

The Group has in place Deeds with each of the Directors whereby the Group has agreed to provide certain indemnities to each Director to the extent permitted by the Corporations Act and to use its best endeavours to obtain and maintain Directors' and Officers' indemnity insurance, subject to such insurance being available at reasonable commercial terms.

15. INDEMNITIES AND INSURANCE (continued)

The Group has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums in respect of any person who is or has been an auditor of the Company or a related body corporate during the year and up to the date of this report.

16. SUBSEQUENT EVENTS

On 17 August 2023, the Company announced the extension of its on-market buyback program for a further 12 months from 1 September 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

17. PROCEEDINGS ON BEHALF OF THE COMPANY

At the date of this report, there are no 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 Australian Securities and Investments Commission (ASIC) Class Order 2016/191. In accordance with that Class Order, amounts contained in the consolidated financial statements and Directors' report have been rounded off to the nearest one thousand dollars, unless specifically stated to be otherwise.

19. NON-AUDIT SERVICES

Non-audit services have been provided during the year by the external auditor, SW Audit. Refer to Note 23 of the notes to the consolidated financial statements for details of the remuneration of auditors.

20. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 28 and forms part of the Directors' report for the financial year ended 30 June 2023.

Signed in accordance with a resolution of Directors.

Min Yang
Non-Executive Chairman
Sydney, Australia
27 September 2023

Accountants & Advisors

Take the lead

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF REY RESOURCES LIMITED

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 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.

SW Audit
Chartered Accountants

Yang (Bessie) Zhang
Partner

Sydney, 27 September 2023

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

in thousands of dollars	Note	30 June 2023	30 June 2022
Administrative expenses	5	**(508)**	(405)
Loss from operations		**(508)**	(405)
Finance costs	4	**(1,724)**	(1,393)
Loss before income tax		**(2,232)**	(1,798)
Income tax expense	6	**-**	-
Loss for the year attributable to owners of the company		**(2,232)**	(1,798)
Other comprehensive income		**-**	-
Total comprehensive loss for the year, attributable to owners of the Company		**(2,232)**	(1,798)
Loss per share			
Basic and diluted (cents per share)	7	**(1.05)**	(0.85)

The notes on pages 33-61 are an integral part of these consolidated financial statements

Consolidated statement of financial position

As at 30 June 2023

In thousands of dollars	Note	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	8a	**240**	172
Trade and other receivables	9	**4**	9
Prepayments		**3**	3
Total current assets		**247**	184
Non-current assets			
Property, plant and equipment	10	**2**	2
Financial assets	11	**767**	767
Exploration and evaluation expenditure	12	**39,161**	38,353
Total non-current assets		**39,930**	39,122
Total assets		**40,177**	39,306
LIABILITIES			
Current liabilities			
Loans and borrowings	20d	**441**	63
Trade and other payables	13	**92**	403
Employee benefits	14	**6**	14
Total current liabilities		**539**	480
Non-current liabilities			
Loans and borrowings	20d	**15,923**	12,878
Provisions	15	**3,565**	3,535
Total non-current liabilities		**19,488**	16,413
Total liabilities		**20,027**	16,893
Net assets		**20,150**	22,413
EQUITY			
Share capital	16	**86,506**	86,537
Accumulated losses		**(66,356)**	(64,124)
Total equity attributable to equity holders of the Company		**20,150**	22,413

The notes on pages 33-61 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity

For the year ended 30 June 2023

in thousands of dollars

	Share capital	Accumulated Losses	Total
Balance at 30 June 2021	**86,537**	**(62,326)**	**24,211**
Loss for the year	**-**	**(1,798)**	**(1,798)**
Other comprehensive income	-	-	-
Total comprehensive loss for the year	**-**	**(1,798)**	**(1,798)**
Transactions with owners recorded directly in equity:			
Contributions by and distributions to owners			
Share buy back	-	-	-
Balance at 30 June 2022	**86,537**	**(64,124)**	**22,413**
Loss for the year	**-**	**(2,232)**	**(2,232)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**(2,232)**	**(2,232)**
Transactions with owners recorded directly in equity:			
Contributions by and distributions to owners			
Share buy back	**(31)**	**-**	**(31)**
Balance at 30 June 2023	**86,506**	**(66,356)**	**20,150**

The notes on pages 33-61 are an integral part of these consolidated financial statements

Consolidated statement of cash flows

For the year ended 30 June 2023

in thousands of dollars	Note	30 June 2023	30 June 2022
Cash flows from operating activities			
Cash paid to suppliers and employees		**(526)**	(357)
Government Subsidy		**-**	8
Net cash used in operating activities	8b	**(526)**	(349)
Cash flows from investing activities			
Investment in financial assets	11	**-**	(67)
Payments for exploration expenditure		**(779)**	(883)
Net cash used in investing activities		**(779)**	(950)
Cash flows from financing activities			
Share buy back		**(31)**	-
Proceeds from loans and borrowings		**2,960**	2,710
Repayment of loans and borrowings		**-**	(50)
Finance costs		**(1,556)**	(1,225)
Net cash inflow from financing activities		**1,373**	1,435
Net (decrease)/increase in cash and cash equivalents		**68**	136
Cash and cash equivalents at the beginning of the year		**172**	36
Cash and cash equivalents at the end of the year	8a	**240**	172

The notes on pages 33-61 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 30 June 2023

1. REPORTING ENTITY

Rey Resources Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Suite 2, 3B Macquarie Street, Sydney NSW 2000. The consolidated financial statements of the Company as at and for the financial year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as "Rey" or the "Group"). The Group is a for-profit entity and is primarily involved in mineral and oil and gas exploration and 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 also comply with International Financial Reporting Standards ("IFRS") and interpretations issued 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 27 September 2023.

(b) Going concern
The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2023 the Group incurred a loss after tax of $2,232,000 and incurred operating and investing cash outflows of $1,305,000. As at 30 June 2023 the Group had cash of $240,000, standby loan facilities that are available from ASF Group Limited of $2 million and Wanyan Liu of $4.88 million, a net working capital deficit of $292,000 and net assets of $20,150,000 as at 30 June 2023. The Group also has exploration expenditure commitments of $1,610,000 for the next financial year.

The Group has prepared a cashflow forecasts for the period to 30 September 2024. The cashflow forecast reflects:

- The need to raise additional funding during the forecast period;
- That ASF Group Limited and Wanyan Liu will not call their loans owing from the Group within 12 months from the date of this consolidated financial statements and have provided the undertakings not call the loans;
- The commercial decision progressing sites to different stages, management can decide to defer or farm out the Group's share of certain petroleum interests to meet committed and forecast expenditures, if additional funding is needed; and

2. BASIS OF PREPARATION (Continued)

(b) Going Concern (Continued)

- Rey will look for alternative funding arrangements in the form of debt and equity, including discussions with existing shareholders, and with third parties for farmout certain petroleum interests on an as needs basis.

The Directors believe the above matters will provide sufficient funding to adopt the going concern basis of accounting as appropriate.

The requirement to raise the necessary funding to meet its commitments and secure farm out parties, or defer expenditure, is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and to be able to pay its debts as and when they fall due, and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements.

(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 Corporations Instrument 2016/191 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into these consolidated financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Following is a summary of the key assumptions concerning the future, and other key sources of estimation and accounting judgements at the reporting date that have not been disclosed elsewhere in these consolidated financial statements.

(i) *Exploration and evaluation expenditure*

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits will be realised, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If after expenditure is capitalised information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the profit and loss in the period when the new information becomes available.

2. BASIS OF PREPARATION (Continued)

(ii) *Impairment of assets*
The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, coal prices (considering current and historical prices, price trends and related factors), foreign exchange rates, coal resources and reserves, operating costs, closure and rehabilitation costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying amount of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of profit or loss.

(iii) *Rehabilitation*
The rehabilitation provision has been created based on a third party quotation adjusted by discount and annual inflation rates, which management believes is a reasonable basis upon which to estimate the future liability.

These estimates are reviewed regularly to take into account any material changes to the assumptions, however actual rehabilitation costs will ultimately depend upon the future market prices for the necessary decommissioning works and the timing of when the rehabilitation costs are incurred. Timing is dependent upon when the mines/wells ceases to produce at economically viable rates, which in turn, will depend upon future commodity prices, which are inherently uncertain.

(iv) *Income taxes*
The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(v) *Investment in Surat Gas Project*
As disclosed in Note 11, the Company executed a Share Buy-back Deed with Southernpec (Australia) Pty Ltd ("SouthnA") pursuant to which SouthnA bought back all the fully paid ordinary shares in SouthnA held by the Company for 7.5 million fully paid ordinary shares of PZE Limited ("PZE") which is proposed to apply for listing on the ASX. As the Group does not have board representation and hold less than 20% of the voting power at PZE during the year and at the balance date, the Group concluded we had no significant influence in PZE and it is not an associate company of the Group.

Notes to the consolidated financial statements
For the year ended 30 June 2023

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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation
Intercompany transactions, balances and unrealised gains and expenses on transactions between companies of the Group 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 equity 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 accounted investee or as a financial asset depending on the level of influence retained.

(iv) Joint arrangements
Joint arrangements are defined as the contractually agreed sharing of control of an arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control. These arrangements may be accounted for as a joint venture or a joint operation.

A joint venture, which is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than the rights to its assets and obligation for its liabilities. Interests in joint ventures are accounted for using the equity method.

A joint operation is an arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. In respect of its interest in a joint operation, a joint operator the Group recognises its relative share of its assets, liabilities, revenues and expenses.

(v) Interest in unincorporated mining ventures assets and liabilities
The Group has interest in unincorporated mining ventures and represents the right to the assets and obligation to the liabilities of these unincorporated ventures. Such interest is accounted in accordance with respective accounting policy. The Group's interest is primarily related to exploration and evaluation assets and is accounted for as per the policy stated in Note 2(e).

Notes to the consolidated financial statements
For the year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)

Classifications are determined by both:
- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Non derivative financial instruments (continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Refer Note 21 for summary of the classification of the Group's financial assets and financial liabilities.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

(iv) 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.

Notes to the consolidated financial statements
For the year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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**
Equipment	8% - 33%

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

Notes to the consolidated financial statements
For the year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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. This expenditure is 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.

An exploration and evaluation asset is recognised in relation to an area of interest if the following conditions are satisfied:

(a) The rights to tenure of the area of interest are current;

(b) At least one of the following conditions is also met:

(i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

(ii) exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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.

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.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, the exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining tenements or mine development assets. Then 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.

Costs of the site restoration are provided over the life of the facility from when production commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are 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 may be uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

Notes to the consolidated financial statements
For the year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Impairment of assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised immediately in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units, "CGUs"). For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Non-derivative financial assets
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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Goods and Services Tax (GST)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Income tax (continued)
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 the 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 exploration and evaluation expenditure 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) Other income
Other income primarily relates to sundry deposits and recognised on receipt in the bank account or when the right to receive payment is established.

(n) 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.

Notes to the consolidated financial statements
For the year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Accounting standards and interpretations issued but not yet effective
New and amended standards and interpretations
The Group has adopted all standards which became effective for the first time at 1 July 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

No new Australian Accounting Standards and Interpretations that have been issued but are not yet effective have been applied in the preparation of these consolidated financial statements. Such standards are not expected to have a material impact on the consolidated entity's financial statements on initial application.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

4. FINANCE COSTS

in thousands of dollars	**2023**	**2022**
Finance costs		
Bank charges	2	2
Interest on loans	1,722	1,391
	1,724	1,393

5. LOSS FOR THE YEAR

in thousands of dollars	**2023**	**2022**
Corporate and administration overheads	291	226
Employee benefits (see below)	76	111
Depreciation and amortisation	-	1
Insurance premiums	3	3
Legal costs	14	-
Audit fees	71	62
Other expenses (incl travel expense)	53	2
	508	405
Employee benefits expense consists of:		
Salaries and fees	62	98
Superannuation	14	13
	76	111

Notes to the consolidated financial statements
For the year ended 30 June 2023

6. INCOME TAX EXPENSE

in thousands of dollars	2023	2022
Income tax recognised in profit or loss		
Current tax expenses	-	-
Deferred tax expenses	-	-
	-	-
Income tax expenses	-	-

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

in thousands of dollars	2023	2022
Accounting loss before tax	(2,232)	(1,798)
At statutory income tax rate of 25% (2022: 25%)	(558)	(449)
Non-deductible expenses	-	-
Tax losses for which no deferred tax asset was recognised	558	449
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	2023	2022	2023	2022
Deferred tax liabilities				
Exploration and evaluation expenditure	(9,694)	(9,392)	(302)	179
Other	(1)	(1)	-	-
Gross deferred tax liability	(9,695)	(9,393)	(302)	179
Deferred tax assets				
Tax loss carry forwards	8,790	8,594	196	(101)
Other	905	799	106	(78)
Gross deferred tax asset	9,695	9,393	302	(179)
Net deferred tax asset	-	-	-	-

Notes to the consolidated financial statements
For the year ended 30 June 2023

6. INCOME TAX EXPENSE (Continued)

Tax losses

At 30 June 2023, the Group has tax losses arising in Australia of $91,661,882 (2022: $88,610,770) that are available 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. Additionally, the ability of the Group to utilise these tax losses will depend on whether the Group is determined to pass the Australian Tax Office rules of continuity of ownership test, or failing that, the same business test.

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. LOSS PER SHARE

in thousands of dollars	2023	2022
Earnings		
Earnings used in calculating basic and diluted earnings per share attributable to the owners of the company	(2,232)	(1,798)
Number of ordinary shares	**2023**	**2022**
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted loss per share	211,908,510	211,927,539
Basic loss per Share (cents per share)	(1.05)	(0.85)
Diluted loss per Share (cents per share)	(1.05)	(0.85)

Calculation of loss per share

Basic loss per share is calculated as loss for the period attributable to shareholders of $2,232,000 (2022: $1,798,000) divided by the weighted average number of ordinary shares of 211,908,510 (2022: 211,927,539). The diluted loss per share for the year ended 30 June 2023 and 2022 was the same as the basic loss per share as there were no dilutive instruments outstanding.

Notes to the consolidated financial statements
For the year ended 30 June 2023

8a. CASH AND CASH EQUIVALENTS

in thousands of dollars	**2023**	**2022**
Cash at bank and in hand	240	172
Cash and cash equivalents	240	172

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 21.

8b. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

in thousands of dollars	Note	**2023**	**2022**
Cash flows from operating activities			
Loss for the period		(2,232)	(1,798)
Adjustments for:			
Depreciation	10	-	1
Finance costs	4	1,722	1,391
Other non-cash item		298	(26)
		(212)	(432)
Decrease in trade and other receivables		5	38
(Decrease) / increase in trade and other payables		(311)	41
Decrease in employee benefits		(8)	4
Net cash used in operating activities		(526)	(349)

8c. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

in thousands of dollars	**ASF Loan**	**Liu Loan**	**Total**
Balance at 1 July 2021	639	9,772	10,411
Net cash (used in)/from financing activities	-	2,388	2,388
Interest payable	79	360	439
Balance at 1 July 2022	718	12,520	13,238
Net cash (used in)/from financing activities	-	2,599	2,599
Interest payable	86	441	527
Balance at 30 June 2023	804	15,560	16,364

Notes to the consolidated financial statements
For the year ended 30 June 2023

9. TRADE AND OTHER RECEIVABLES

in thousands of dollars	2023	2022
Current		
Other receivables	4	9
	4	9

10. PROPERTY, PLANT AND EQUIPMENT

in thousands of dollars	2023	2022
Equipment		
At cost	181	181
Accumulated depreciation	(179)	(179)
Total Equipment	2	2

Movements in carrying amounts:

in thousands of dollars	2023	2022
Balance as at 1 July	2	3
Depreciation expense	-	(1)
Balance as at 30 June	2	2

11. FINANCIAL ASSETS

in thousands of dollars	2023	2022
Measured at FVPL		
Investment in PZE Limited [1]	767	767
	767	767

1. Pursuant to a term sheet signed on 18 December 2020 between the Company, Southernpec (Australia) Pty Ltd ("SouthnA") which holds significant interests in 7 conventional gas production licences in Surat Gas Project located at Surat Basin in Queensland and Southernpec Holdings Pty Ltd, the Company would acquire up to 75% equity interest in SouthnA in three stages of which 10% for $400,000 under the first stage was paid in December 2020. The parties further entered into a Supplementary Terms Sheet in May 2021 for the modification of second stage investment and the subscription of additional 10% equity interest in SouthnA by the Company for $300,000, which was paid in May 2021.

Notes to the consolidated financial statements
For the year ended 30 June 2023

11. FINANCIAL ASSETS (Continued)

In June 2022 Rey executed a share buy-back deed with SouthnA pursuant to which SouthnA bought back all the fully paid ordinary shares in SouthnA held by the Company (including the conversion of $67,000 loan granted by the Company into additional shares in SouthnA) for 7.5 million fully paid ordinary shares representing approximately 5.8% in the issued capital of PZE Limited (“PZE”) as of 30 June 2023. PZE is a public company incorporated in Australia. PZE acquired the Surat Gas Project from SouthnA by the issue of 35.5 million fully paid ordinary shares in PZE at an issue price of $0.10 per share to SouthnA.

As the Group does not have board representation and hold less than 20% of the voting power at PZE during the year and at the balance date, the Group concluded we had no significant influence in PZE and it is not an associate company of the Group. As a result, the investment is accounted for as financial assets measured at fair value, for further information refer to note 21.

12. EXPLORATION AND EVALUATION EXPENDITURE

	Working Interests		**Exploration and evaluation expenditures carried forward** *in thousands of dollars*	
	2023	**2022**	**2023**	**2022**
in respect of:				
Duchess Paradise [1]	100%	100%	21,773	21,667
EP457 and EP458 [2]	40%	20%	5,012	4,753
EP104 [3]	100%	100%	3,047	3,030
R1 [3]	100%	100%	1,561	1,392
L15 [3]	100%	100%	3,717	3,614
EP487 [4]	100%	100%	4,051	3,897
Costs carried forward			39,161	38,353

Movements in carrying amount:

in thousands of dollars	**2023**	**2022**
Opening balance	38,353	37,230
Current year expenditure capitalised	778	931
Adjustment of restoration provision for L15, R1	30	214
Refund of cash call for EP457 and EP458	-	(22)
	39,161	38,353

12. EXPLORATION AND EVALUATION EXPENDITURE (Continued)

1. Exploration and evaluation expenditure recognised in Duchess Paradise (coal project) is held solely by the Group. E04/1519 (one of the tenements within the Duchess Paradise Project) expired on 19 April 2023 and is pending approval for renewal.

2. Exploration and evaluation expenditure recognised on EP457 and EP458 tenements (Petroleum project) under joint venture agreement with Buru Energy Limited. This amount includes the Group's proportionate share of exploration assets held by the respective joint venture entities. On 21 December 2020, a binding letter of agreement had been executed between Rey, Buru and Origin pursuant to which both Buru and Rey will farm-out 20% of their respective participating interest in each of EP457 and EP458 to Origin. On 15 April 2021, a formal farm-in agreement was executed between the parties and 40% interests in each of the tenements were accordingly transferred to Origin. On 13 February 2023, Rey announced that Origin has decided to withdraw from the Canning Basin and the 40% interests in each of the tenements previously assigned to Origin under the farm-in agreement will be assigned back to Buru and Rey equally in accordance with the pre-farmin equities. Accordingly, Buru is now holding a participating interest of 60% in each of the tenements, with Rey holding the remaining 40%.

3. Acquisition costs and the exploration and evaluation expenditure recognised on EP104, R1 and L15 (Petroleum projects) which are held solely by the Group. EP104 has been successfully renewed for another 5 years. The expiry date of the new 5 years term is 4 April 2028.

4. Exploration and evaluation expenditure recognised on EP487 (Petroleum project) which is held solely by the Group.

Management expects to extend the right of tenure for tenements approaching expiry.

13. TRADE AND OTHER PAYABLES

in thousands of dollars	**2023**	**2022**
Unsecured liabilities		
Sundry payables and accrued expenses	92	106
Withholding tax payable *	-	297
	92	403

** the Company has fulfilled the withholding tax obligation and paid all withholding tax prior to 30 June 2023.*

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 21.

14. EMPLOYEE BENEFITS

in thousands of dollars	**2023**	**2022**
Employee benefits		
Current	6	14
Non-current	-	-
	6	14

Notes to the consolidated financial statements
For the year ended 30 June 2023

15. PROVISION

in thousands of dollars	2023	2022
Restoration provision (L15, R1)	3,565	3,535
	3,565	3,535

The restoration provision relates to the West Kora 1 well and disused production facilities in Production License L15, which was estimated based upon converting the well to a water well following confirmation from the pastoral lease owner and removing the tank farm and restoring the site back to its original condition.

The provision has been calculated on an assumption that management expects that the cash out flow will not be incurred until approximately 2029.

16. ISSUED CAPITAL

in thousands of dollars	2023	2022
211,717,539 (2022: 211,927,539) fully paid ordinary shares	86,506	86,537
	86,506	86,537

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

	2023		2022	
	Number	$'000	Number	$'000
On issue at beginning of the year	211,927,539	86,537	211,927,539	86,537
Share buy back	(210,000)	(31)	-	-
On issue at the end of the year	211,717,539	86,506	211,927,539	86,537

The Company did not buy back any share for the year ended 30 June 2022.

Subsequent to the financial year end on 17 August 2023, the Company announced the extension of its on-market buyback program for a further 12 months from 1 September 2023.

Notes to the consolidated financial statements
For the year ended 30 June 2023

17. COMMITMENTS AND CONTINGENTS

Exploration expenditure commitments
The commitments are required in order to maintain the Group's interests in good standing with the DMIRS. It includes commitment for both mineral exploration tenements and also the company's share in petroleum exploration permits in which it has joint venture interests. These obligations may be varied from time to time, subject to approval by the DMIRS.

In thousands of dollars	Mineral	Petroleum	Total
Year 1	105	1,505	1,610
Year 2-5	209	42,608	42,817
Total	**314**	**44,113**	**44,427**

Contingent
Other than those disclosed in the 'Business Performance and Outlook' section in this Report in relation to the native title negotiation for the Duchess Paradise Coal Project, as at 30 June 2023 and 2022 there are no contingent liabilities.

18. INTERESTS IN SUBSIDIARIES

Consolidated subsidiaries	Country of incorporation	Ownership Interest	
		2023	**2022**
Blackfin Pty Limited	Australia	100%	100%
Gulliver Productions Pty Limited	Australia	100%	100%
Humitos Pty Limited	Australia	100%	100%
Rey Derby Block Pty Limited	Australia	100%	100%
Rey Mongolia Resources Holding Pty Ltd (formerly Rey Derby Port Operations Pty Ltd)	Australia	100%	100%
Rey Surat Gas Pty Ltd (formerly Rey Derby Pty Ltd)	Australia	100%	100%
Rey Lennard Shelf Pty Limited	Australia	100%	100%
Rey Oil and Gas Pty Limited	Australia	100%	100%
Rey Royalty Chile Pty Limited	Australia	100%	100%
Will Investment Limited *	Hong Kong	60%	-

** Incorporated on 8 December 2022 and dormant since incorporation*

19. MINING VENTURE INTERESTS

The Group has interest in unincorporated mining venture (commonly referred as "joint venture agreements"). Those agreements have been entered into with third parties. Details of the agreements are disclosed below.

Assets employed by these unincorporated mining ventures are accounted for as based on applicable accounting standards. The Group's expenditure in respect of them is brought to account initially as capitalised exploration expenditure (refer note 12) and disclosed distinctly from capitalised exploration costs incurred on the Group's 100% owned projects.

Notes to the consolidated financial statements
For the year ended 30 June 2023

19. MINING VENTURE INTERESTS (continued)

Rey/Buru/Origin Joint Venture

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

On 10 December 2018, the Company announced that, pursuant to a transaction entered into between Buru and Diamond Resources (Barbwire) Pty Limited ("DRB") whereby Buru will increase its interests in these permits from 37.5% to 60%, Rey (via its wholly owned subsidiary Rey Oil and Gas Pty Limited) has exercised its pre-emptive rights under the permit joint operating agreements and entered into a parallel agreement with DRB to increase its current interests in each of the EP457 and EP458 permits from 25% to 40% for a total cash consideration of $480,000.

On 21 December 2020, a binding letter of agreement had been executed between Rey, Buru Fitzroy Pty Ltd ("Buru") and Origin Energy West Pty Ltd ("Origin") pursuant to which both Buru and Rey will farmout 20% of their respective participating interest in each of EP457 and EP458 to Origin. On 15 April 2021, a formal farm-in agreement was executed between the parties and 40% interests in each of the tenements were accordingly transferred to Origin. On 13 February 2023, Rey announced that Origin has decided to withdraw from the Canning Basin and the 40% interests in each of the tenements previously assigned to Origin under the farm-in agreement will be assigned back to Buru and Rey equally in accordance with the pre-farmin equities. Accordingly, Buru is now holding a participating interest of 60% in each of the tenements, with Rey holding the remaining 40%.

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

Rey Oil and Gas Pty Ltd	40%	(of which a 6.66% interest is free carried to production)
Buru Fitzroy Pty Ltd	60%	(Buru Energy Limited, operator)

As a result of the farm-in agreement, the Group has significant influence over the unincorporated mining venture interest over the exploration permits. The total amount of the Group's capitalised exploration and evaluation expenditure under this joint venture agreement at the reporting date was $5,012,000 (2022: $4,753,000).

20. 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 18.

(c) KMP compensation
Disclosures relating to compensation of the KMP compensation comprised:

Notes to the consolidated financial statements
For the year ended 30 June 2023

20. RELATED PARTIES (Continued)

Individual Directors' and executives' compensation disclosures

in dollars	**2023**	**2022**
Short term benefits	172,627	126,502
Post-employment benefits	11,200	6,000
	183,827	132,502

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.

(d) Transactions with related parties

in dollars	**2023**	**2022**
ASF Group Limited		
Service fees	144,000	132,000
Loan granted (inclusive of interest) [1]	803,777	717,658
Current	-	-
Non current	*803,777*	*717,658*
Wanyan Liu		
Loan granted (inclusive of interest) [2]	15,560,620	12,222,942
Current	*440,620*	*62,942*
Non current	*15,120,000*	*12,160,000*

1. An unsecured loan of $3.8 million was granted by ASF Group Ltd, a substantial shareholder of the Company, with maturity date on 31 December 2019 and interest bearing at 12% per annum. On 31 December 2019, the Company announced that it has agreed with ASF to reduce the facility amount from $3.8 million to $2 million and to extend the maturity date of the loan facility from 31 December 2019 to 31 March 2020, which was subsequently further extended to 31 October 2024.

   As at 30 June 2023, $803,777 representing accrued interests remain outstanding and the total $2 million loan facility remains available for draw down.

Notes to the consolidated financial statements
For the year ended 30 June 2023

20. RELATED PARTIES (Continued)

2. An unsecured loan of $500,000 was granted by Wanyan Liu ("Liu"), a substantial shareholder of the Company, with maturity date on 31 March 2021 and interest bearing 12% per annum ("First Liu Loan"). On 18 April 2019, the Company entered into another loan agreement with Liu for the granting of $3 million additional loan ("Second Liu Loan"), with maturity date on 31 December 2020 and interest bearing at 12% per annum payable quarterly by cash. On 17 July 2019, the Company entered into a new loan agreement with Liu pursuant to which Liu agreed to grant a further loan facility of $3 million ("Third Liu Loan") to the Company maturing 31 December 2021 and interest bearing 12% per annum. On 25 June 2020, the Company announced that Liu agreed to increase the Second Liu Loan from $3 million to $5 million and extend the maturity date from 31 December 2020 to 31 October 2021. On 30 April 2021, the Company announced that Liu agreed to consolidate the aforesaid three loan facilities and to increase the loan facility amount by $4 million to a total of $12.5 million and extend the maturity date to 31 October 2022. On 22 June 2022, the Company announced that Liu agreed to increase the loan facility amount by $4.5 million to a total of $17 million and to extend the maturity date to 31 October 2023. On 30 May 2023, the Company announced that Liu agreed to increase the loan facility amount by $3 million to a total of $20 million and to extend the maturity date to 31 October 2024.

   As at 30 June 2023, a total of $15.12 million had been drawn down by the Company.

21. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, investment, trade and other payables, and loan and borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

in thousands of dollars	**2023**	**2022**
Financial assets measured at amortised cost		
- Cash and cash equivalents	240	172
- Trade and other receivables	4	9
Financial assets measured at FVPL		
- Investment in PZE Ltd	767	767
Total financial assets	1,011	948
Financial liabilities measured at amortised cost		
Trade and other payables	92	403
Total financial liabilities	92	403

Notes to the consolidated financial statements
For the year ended 30 June 2023

21. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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:

	2023	2022
Neither past due nor impaired	4	9

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.

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 2023 and 30 June 2022, there was no impairment loss allowance 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.

Notes to the consolidated financial statements
For the year ended 30 June 2023

21. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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:

2023 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	92	92	92	-	-	-	-
Loans from shareholders	16,364	16,364	441	-	15,923	-	-
	16,456	16,456	533	-	15,923	-	-

2022 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	403	403	403	-	-	-	-
Loans from shareholders	12,941	12,941	63	-	12,878	-	-
	13,344	13,344	466	-	12,878	-	-

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 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.

in thousands of dollars	**2023**	**2022**
Variable rate instruments		
Cash and cash equivalents	240	172
	240	172

At the reporting date, the Group had a total of $22 million term loan facilities from shareholders. Due to the fixed interest rate of the loans, the Group is not exposed to interest rate fluctuations.

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 $0 (2022: $0).

Notes to the consolidated financial statements
For the year ended 30 June 2023

21. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair values

Financial assets measured at FVTL

The Group accounts for its investment in PZE Limited as financial assets measured at FVPL. The reporting date, fair value of the investment approximates to the cost as it is a recent transaction completed within 12 month with a unrelated party.

The investment is categorised into Level 3 fair value hierarchy as defined in AASB 13 *Fair Value Measurement*. Techniques which use inputs that have significant effect on the recorded fair value that are not based on observable market date.

in thousands of dollars	Level 1	Level 2	Level 3	Total
2023				
- Investment in PZE Ltd	-	-	767	767

During the year ended 30 June 2022 and 23, there were no transfers between Level 1 and Level 2 or transfer into or out of Level 3.

Other financial assets and liabilities

The carrying amounts of other financial assets and financial liabilities are assumed to approximate their fair values due to their short-term nature.

Notes to the consolidated financial statements
For the year ended 30 June 2023

22. OPERATING SEGMENTS

The Group operates in two segments, mineral exploration and development and petroleum exploration in one geographical location, Western Australia. The consolidated financial results from these segments are equivalent to the financial statements of the Group.

Operating segment information

Consolidated	**Mineral 2023 $'000**	Mineral 2022 $'000	**Petroleum 2023 $'000**	Petroleum 2022 $'000	**Corporate 2023 $'000**	Corporate 2022 $'000	**Total 2023 $'000**	Total 2022 $'000
Revenue								
Total Reportable segment revenue	-	-	-	-	-	-	-	-
Other income/ (expense)	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	**(1,724)**	(1,393)	**(1,724)**	(1,393)
Administration cost	-	-	-	-	**(508)**	(405)	**(508)**	(405)
Profit/(loss) before income tax benefit	-	-	-	-	**(2,232)**	(1,798)	**(2,232)**	(1,798)
income tax benefit	-	-	-	-	-	-	-	-
Loss after income tax benefit	-	-	-	-	**(2,232)**	(1,798)	**(2,232)**	(1,798)
Assets								
Other Assets	-	-	**767**	767	**249**	186	**1,016**	953
Segment assets	**21,773**	21,667	**17,388**	16,686	-	-	**39,161**	38,353
Total assets	**21,773**	21,667	**18,155**	17,453	**249**	186	**40,177**	39,306
Liability								
Other liabilities	-	-	-	-	**16,462**	13,358	**16,462**	13,358
Segment liabilities	-	-	**3,565**	3,535	-	-	**3,565**	3,535
Total Liabilities	-	-	**3,565**	3,535	**15,384**	13,358	**20,027**	16,893
Capital Expenditure	**106**	77	**672**	644	-	-	**778**	721

Notes to the consolidated financial statements
For the year ended 30 June 2023

23. AUDITORS REMUNERATION

in dollars	2023	2022
Audit services		
Auditors of the Company		
SW Audit (formerly ShineWing Australia):		
Audit and review of financial reports	61,151	62,289
Other assurance services	9,500	-
	70,651	62,289

24. SUBSEQUENT EVENTS

On 17 August 2023, the Company announced the extension of its on-market buyback program for a further 12 months from 1 September 2023.

No other matter or circumstance that is not already disclosed in these financial statements has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

25. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2023 the parent entity of the Group was Rey Resources Limited.

in thousands of dollars	2023	2022
A. Result of parent entity		
Loss for the year	(2,232)	(1,804)
Total comprehensive loss for the year	(2,232)	(1,804)
B. Financial position of the parent entity		
Total current assets	244	179
Total non-current assets	41,051	40,249
Total assets	41,295	40,428
Total current liabilities	91	453
Total non-current liabilities	16,370	12,878
Total liabilities	16,461	13,331
Net assets	24,834	27,097
Total equity of the parent entity comprising of:		
Share capital	86,506	86,537
Accumulated losses	(61,672)	(59,440)
Total equity	24,834	27,097

Notes to the consolidated financial statements
For the year ended 30 June 2023

25. PARENT ENTITY DISCLOSURES (continued)

C. Parent entity contingencies
Other than those disclosed in note 17, no contingent liabilities of the parent entity.

D. Parent entity capital commitments
As at 30 June 2023 and 2022, 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
As at 30 June 2023 and 2022, there are no guarantees entered into by the parent entity.

Directors' Declaration
For the year ended 30 June 2023

The Board of Directors of Rey Resources Limited declares that:

(a) The consolidated financial statements and the accompanying notes are in accordance with the *Corporations Act 2001*, including:
- giving a true and fair view of the financial position as at 30 June 2023 and performance of the Group for the financial year ended on that date; and
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements.

(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) 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 and Financial Controller required by Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors.

Min Yang
Non-Executive Chairman
Sydney, Australia
27 September 2023

Accountants & Advisors

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REY RESOURCES LIMITED

Report on the Audit of the Consolidated Financial Report

Opinion

We have audited the consolidated financial report of Rey Resources Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying consolidated financial report of Rey Resource Limited is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended, and

b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the consolidated financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of $2,232,000 and had operating and investing cash outflows totalling $1,305,000 for the year ended 30 June 2023. The Group's current liabilities exceeded current assets by $292,000 as at 30 June 2023. As stated in Note 2(b), these conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Note 12 *Exploration and Evaluation Expenditure*	**Our audit procedures included:**
As at 30 June 2023, the Group has $39,161,000 of exploration and evaluation expenditure (E&E Expenditure) capitalised as assets and concluded there were no indicators of impairment for these E&E Expenditure required. An impairment test of the E&E Expenditure must be completed when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*. E&E Expenditure is a key audit matter due to: • the size of the balances being 97.5% of the Group's total assets, and • the level of judgement required on assessing the impairment indictors and determining the assumptions used in the discounted cash flow model.	• Evaluating management's assessment of whether there are any indicator of impairment for the E&E Expenditure is appropriate • Considering whether the Group's right to explore in the relevant exploration areas is valid • Obtaining project and corporate budgets and evaluating the Group's ability to fund continued exploration and evaluation activities and its capacity to secure additional funding when necessary to continue exploration and evaluation activity in the relevant exploration area • Testing the mathematical accuracy of the discounted cash flow model used in the impairment test • Assessing the discount rates, commodity prices and other key assumptions to internal and external data, with involvement from our valuation specialist, and • Assessing the adequacy and appropriateness of the disclosures in the consolidated financial statements.

Take the lead

Information Other than the Consolidated Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2023, but does not include the consolidated financial report and our auditor’s report thereon.

Our opinion on the consolidated financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Report

The directors of the Company are responsible for the preparation of the consolidated 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 consolidated financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 24 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Rey Resources Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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 Australian Auditing Standards.

SW Audit
Chartered Accountants

Yang (Bessie) Zhang
Partner

Sydney, 27 September 2023

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 25 September 2023.

Corporate Governance Statement

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the Corporate Governance Principles and Recommendations ("ASX Principles") released by the ASX Corporate Governance Council. The ASX Principles require the Board to consider the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles. For the 2023 financial year and to the date of this report, the Company followed and reports against the 4th Edition of the ASX Principles. The Company's 2023 Corporate Governance Statement is available from the Company's website at http://reyresources.com/corporate/corporate-governance/

Substantial Shareholders

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

Shareholder	Number of shares	Percentage held
ASF GROUP LIMITED	34,666,667	16.374%
MISS WANYAN LIU	34,068,800	16.092%
MERCHANT CENTRAL LIMITED	25,114,286	11.862%
NEWAY ENERGY INTERNATIONAL LIMITED	14,450,580	6.825%
MRS YINXIN HE	12,970,000	6.126%
START GRAND GLOBAL LIMITED	12,361,500	5.839%
MISS MEI CHI JOYCE LEE	12,092,553	5.712%
START LINK INVESTMENTS LIMITED	10,959,614	5.177%

Top 20 Shareholders

The 20 largest shareholders of the Company are listed below:

Name	Number of Shares	Percentage Held %
ASF GROUP LIMITED	34,666,667	16.374%
MISS WANYAN LIU	34,068,800	16.092%
MERCHANT CENTRAL LIMITED	25,114,286	11.862%
NEWAY ENERGY INTERNATIONAL LIMITED	14,450,580	6.825%
MRS YINXIN HE	12,970,000	6.126%
START GRAND GLOBAL LIMITED	12,361,500	5.839%
MISS MEI CHI JOYCE LEE	12,092,553	5.712%
START LINK INVESTMENTS LIMITED	10,959,614	5.177%
JADE SILVER INVESTMENTS LIMITED	9,352,056	4.417%
BNP PARIBAS NOMS PTY LTD <DRP>	7,187,293	3.395%
XIAO HUI ENTERPRISES LIMITED	6,959,404	3.287%
MR JIARONG HE	6,228,491	2.942%
MR HAITAO GENG	3,000,000	1.417%
TONG HENG HOLDINGS LIMITED	1,846,126	0.872%
CITICORP NOMINEES PTY LIMITED	1,635,302	0.772%
MR WEICHENG HE	1,569,538	0.741%
JADE SILVER INVESTMENTS LTD	1,480,000	0.699%
FOREVER GRAND GROUP LIMITED	1,150,837	0.544%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,123,061	0.530%
BROWNSTONE INTERNATIONAL PTY LTD	1,000,000	0.472%
TOTAL TOP 20 SHAREHOLDERS	199,216,108	94.095%

Distribution of Equity Securities

There were 734 holders of less than a marketable parcel of ordinary shares (being 490,000 shares on 25 September 2023).

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	541	145,855
1,001 - 5,000	354	956,428
5,001 - 10,000	118	906,136
10,001 - 100,000	126	3,534,804
100,001 and over	40	206,174,316
TOTALS	**1,179**	**211,717,539**

Voting Rights

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.

On-market Share Buy-back

On 4 August 2022, the Company announced an on-market share buyback of up to 10% of its issued share capital on market over a 12-month period. For the year ended 30 June 2023, the Company bought back 210,000 shares at an average price of approximately $0.1447 per share under the share buyback program.

On 17 August 2023, the Company announced the extension of its on-market buyback program for a further 12 months from 1 September 2023. To the date of this Annual Report, no shares were bought back under the current share buy-back program.

Securities Exchange

The Company is listed on the Australian Securities Exchange (ASX code: REY).

Tenement Schedule

The tenement schedule for the Group as at the date of this report is tabulated below:

Licence Type	Licence No.[1]	Grant Date	Expiry Date	Holder	Area (Ha)	Percentage Held
EL	E04/1519	20/04/2006	Pending renewal approval	Blackfin Pty Ltd	11,386	100%
EL	E04/1770	4/03/2009	3/03/2025	Blackfin Pty Ltd	6,834	100%
MA	M04/0453	Pending	Pending	Blackfin Pty Ltd	12,964	100%
EP	EP457	24/10/2007	05/01/2026	Rey Oil and Gas Pty Ltd / Buru / Origin	251,737	40%
EP	EP458	24/10/2007	05/01/2026	Rey Oil and Gas Pty Ltd / Buru / Origin	292,050	40%
EP	EP487[2]	14/03/2014	13/12/2025	Rey Lennard Shelf Pty Ltd	505,840	50%
EP	EP487[2]	14/03/2014	13/12/2025	Rey Derby Block Pty Ltd	505,840	50%
L	L15[3]	01/04/2010	21/03/2031	Gulliver Productions Pty Ltd	16,400	100%
R	R1[3]	11/10/2016	3/8/2027	Gulliver Productions Pty Ltd	24,516	100%
EP	EP104[3]	30/01/2015	04/04/2028	Gulliver Productions Pty Ltd	40,800	100%

EL: Exploration Licence
MA: Mining Lease Application
EP: Exploration Permit Petroleum
L: Production Licence
R: Retention Licence

1. All licences are located in Western Australia
2. Royalties attaching to EP487: Rey Lennard Shelf Pty Ltd may, at its election, on the grant of a production licence on EP487, either: grant Backreef Oil Pty Ltd a 1% royalty on sales proceeds from future production from its former interest in EP487 or pay $2 million to Backreef.
3. Royalties attaching to L15, R1 and EP104: Gulliver granted Key Petroleum Ltd and Indigo Oil Pty Ltd a 2.5% and 0.5% royalty respectively over the three blocks.

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