

April 2012

Duchess Paradise Project



Rey Resources snapshot

Rey Resources Limited (Rey Resources) is a small Australian ASX listed exploration and development company proposing to develop the Duchess Paradise Project in Western Australia's Canning Basin.

The Project is an estimated 20-year, low-impact slot and underground mining and export operation with a planned export rate of up to 2.5 million tonnes per annum (Mtpa).

The Project is based on one of the highest energy coal sources known in Western Australia.

Respect in a Remote Area

Rey Resources is a company conducting business respectfully in the Canning Basin and Derby region. Since 2007, Rey Resources has completed mineral exploration in close consultation with the local community and continued discussions about a potential project and the opportunities this will present.

The company's proposed project, the Duchess Paradise Project, is located on a remote pastoral station about 175 km (south east of Derby) and 60 km (east by road) from the communities of Jarlmadangah and Looma.

Early project definition involving traditional owner stakeholders led to the preliminary mine plan having the smallest practical footprint on the land. The project's mine area has been grazed by livestock for well over 100 years and is located outside of any environmentally sensitive and heritage protected areas including the Federal Government's recent West Kimberley National Heritage Listing.

Using Existing Infrastructure

The proposed Project includes a low-impact slot mine and underground mine, a coal handling and preparation plant, support infrastructure and a 30 km access road to the Great Northern Highway. Rey Resources has verified the Duchess Paradise Project offers good quality coal (bituminous 5,500 kcal/kg [gar]). The quality coal combined with the strategic advantage of its close proximity to Asian markets, means the Project is well placed to provide significant export value to Western Australia.

Product will be transported by truck along the access road from the mine to the Great Northern Highway, Derby Highway, Loch Street and the Causeway before being delivered to the Derby Export Facility (DEF) at the port. Coal will be stockpiled at the DEF before it is loaded via an enclosed conveyor to barges towed by tugs to ships in the port anchorage. The routes along the highway, and roads to the Export Facility, are existing public roads previously used by other mining projects for mineral handling and export.

In 2009, Rey Resources took over the DEF sublease and has invested \$1.8 million in the clean up and remediation of this important

*PROJECT BENEFITS:

- Employment for about 300 people during the initial construction phase proposed to start in 2013
- Creation of an estimated additional 300 jobs over the 20-year project life
- Already delivering Indigenous employment and training
- Contribution of an estimated \$400 million in payroll tax and royalties to the State Government
- Multiplier effects including job creation and demand for services, both regionally and from Western Australia
- Re-activating exports from the Derby Port
- Contributing to local and regional investment and economic diversity
- Adding to WA's reputation as a reliable exporter of competitively priced minerals
- Diversifying WA's mineral export base – a northern coal operation

** This data has been derived from independent economic analysis based on early financial data provided by Rey Resources.*

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economic asset in Derby. With construction on the Duchess Paradise Project expected to start in 2013, the export facility has a future of returning to a diverse and working port for local product to reach important international markets.

A Low-Impact Project

The proposed mining method for this Project involves:

- Low-impact slot mining for the estimated first 10 years ensuring minimal impact to the environment and full rehabilitation of the mined area. Unlike open-cut mining, slot mining causes far less surface disturbance and enables progressive back-filling and rehabilitation of the slots. No open slots will be left at the project site
- After slot mining, adoption of room-and-pillar underground mining of the deeper coal is expected for about 10 years. This is subject to further feasibility studies by the company

Construction is proposed to start in late 2013, subject to required regulatory approvals, aiming for first production in 2014.

Advancing Approvals

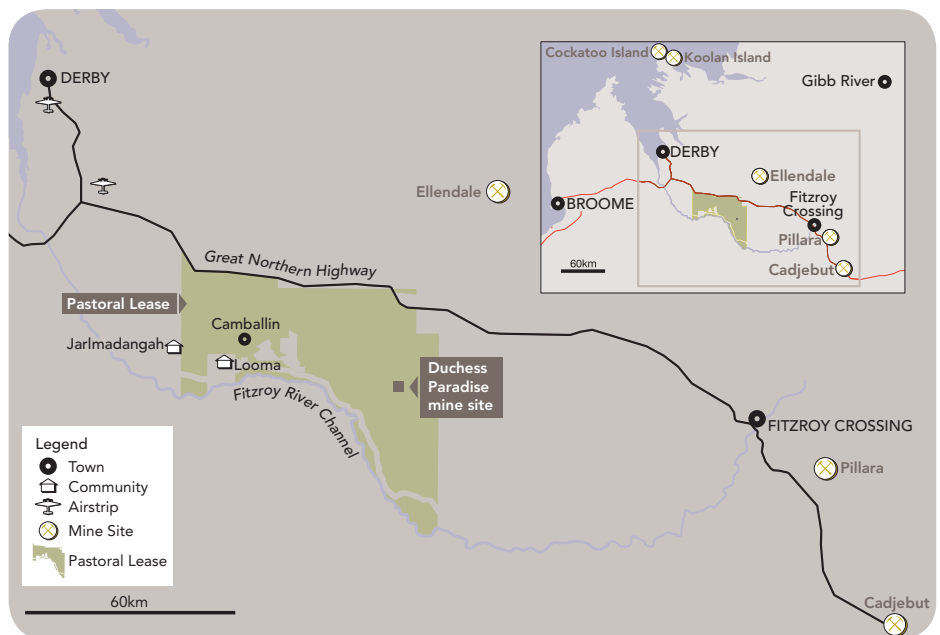
The company has conducted extensive environmental surveys and assessments since 2009, and in addition to native title and mining permit processes underway, the company has also started the environmental approvals process.

Rey Resources welcomed the Government decision last year that the Project will undergo the highest level of assessment, a Public Environmental Review (PER).

This PER will be available for an eight (8) week public review period when the EPA makes the PER document available for public comment. This is expected to be this year.

Indigenous Community Engagement and Benefits

Rey Resources is proud of the mutual respect and trust that exists between the company and the traditional owners. During early exploration, Rey Resources has formally recognised the Nyikina Mangala people as



traditional owners of the project area and established an employment and training programme specifically targeting local indigenous communities. This has achieved successful employment results since 2008.

In June 2011 the company entered into formal negotiations with the traditional owners legally represented by the Kimberley Land Council. Building on the existing strong relationship, Rey Resources is working to deliver ongoing benefits to Indigenous people including employment, business opportunities and investment for the future. This Project represents a significant economic development opportunity for the communities which are long distances from large towns, jobs, training facilities and recognised iconic tourism attractions in the region.

Working with Stakeholders

The company has also conducted substantial stakeholder consultation during the project's feasibility stages, prior to detailed front-end design that is still to occur. Open dialogue and extensive information sharing has occurred with:

- Nyikina and Mangala traditional owners
- Kimberley Land Council

- Shire of Derby / West Kimberley
- State Government agencies
- Peak bodies and industry associations
- Business and industry participants
- Elected members
- Local community members and suppliers

This program is ongoing and Rey Resources looks forward to continuing consultation and engagement during 2012 and providing further information about events and opportunities for community involvement. 🏰

IMPORTANT FACTS:

- No mining on the Fitzroy River or flood plain
- Environmental assessments indicate the Project will not adversely affect the groundwater or river
- Not impacted by National Heritage Listing – mining area is outside the listed area
- No Coal Seam Gas exploration. Testing is for safety and environmental purposes

Want to know more?

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