

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

REY RESOURCES LIMITED

ABN

84 108 003 890

Quarter ended ("current quarter")

30 Jun 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(18)	(77)
(e) administration and corporate costs	(82)	(380)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(333)	(1,226)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	8
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(433)</b>	<b>(1,675)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(226)	(849)
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(226)</b>	<b>(849)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	800	2,710
3.6	Repayment of borrowings	-	(50)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Share Buy Back)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>800</b>	<b>2,660</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	31	36
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(433)	(1,675)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(226)	(849)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	800	2,660

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>172</b>	<b>172</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	172	31
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>172</b>	<b>31</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	33 *
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

\* Consulting fees (\$16,625), Director fees (\$16,500)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	19,000	12,160
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	19,000	12,160
7.5	<b>Unused financing facilities available at quarter end</b>		6,840
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	The total facility amount comprises:		
	(i) <u>ASF Loan</u> - an unsecured loan facility of \$2 million from ASF Group Limited, a substantial shareholder of the Company. Interest accruing at the rate of 12% per annum, maturing on 31 October 2023 ( <b>ASF Loan Facility</b> ); and		
	(ii) <u>Liu Loan</u> - an unsecured loan facility of \$17 million from Wanyan Liu, a substantial shareholder of the Company. Interest accruing at the rate of 12% per annum, maturing on 31 October 2023 ( <b>Liu Loan Facility</b> ).		
	As at the quarter ended 30 June 2022, the Company had remaining available facilities of \$4.84 million under Liu Loan Facility and \$2 million under ASF Loan Facility.		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(433)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(226)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(659)
8.4	Cash and cash equivalents at quarter end (item 4.6)	172
8.5	Unused finance facilities available at quarter end (item 7.5)	6,840
8.6	Total available funding (item 8.4 + item 8.5)	7,012
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	10.64
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	

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8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

25 July 2022

Date: .....

By the Board of Rey Resources Limited

Authorised by: .....  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

# June 2022

# Quarterly Report

## HIGHLIGHTS

### Projects

- R1/EP104 renewal under review by DMIRS
- Share buyback agreement signed with Southernpec
- R1 resources update

Authorised by:  
Board of Rey Resources Limited

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**Rey Resources Limited (ASX: REY) (“Rey” or “the Company”) is focused on developing its oil and gas interests in the Canning and Perth Basins, Western Australia.**

## 1. Oil and Gas

### 1.1 Fitzroy Blocks (EP457 and EP458)

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

Following the execution of formal farm in agreement on 15 April 2021 with Origin Energy, the planned 2D seismic was completed in September 2021. All the seismic data was received and is under interpretation by the operator.

The processing of the new seismic data from the Celestine survey was completed and the final outputs were received from the seismic processing contractor in late in Q1 2022. The 631 km Celestine 2D survey is primarily within EP 457 (383 km) but also includes some 147 km of new data within EP 458 and also extends into the adjacent EP 431 permit that abuts the southern-most and western-most boundaries of the EP 457 and EP 458 permits respectively.

Interpretation of the Celestine 2D seismic data and integration with the existing grid of vintage 2D data was ongoing throughout Q2 2022. It is apparent at this early stage of the interpretation that the Celestine 2D survey has allowed the identification of a new play that was not previously recognised. This new play involves a postulated salt body that trends across the southwestern part of EP 457.

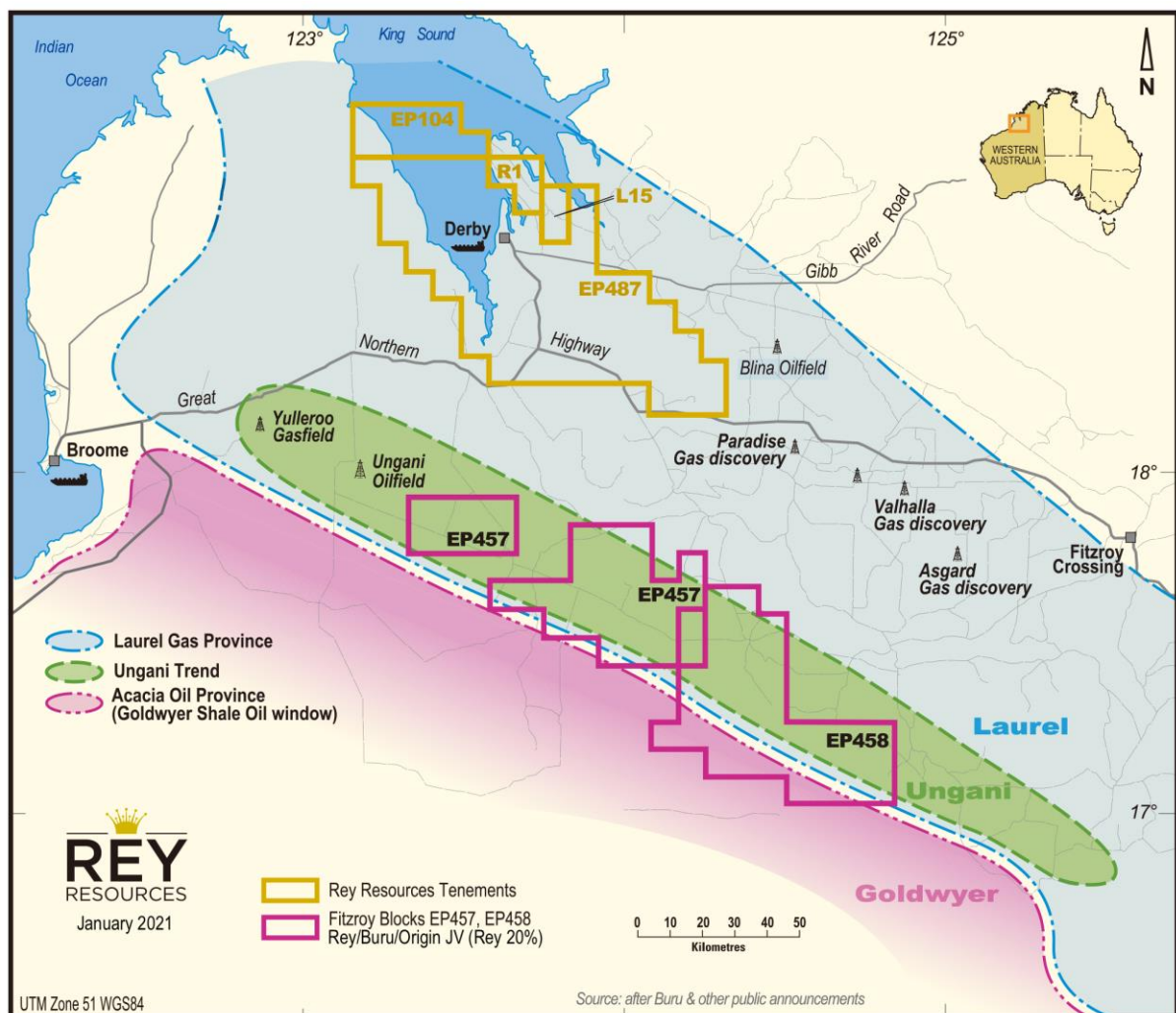


Figure 1: The three major prospective trends relative to Fitzroy Blocks EP457 and EP458 and Derby Block EP487.

## 1.2 Derby Block (EP487)

The Company currently holds a 100% interest in petroleum exploration permit EP487, the Derby Block, via its 100% owned subsidiaries Rey Lennard Shelf Pty Ltd and Rey Derby Block Pty Ltd.

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 Figures 2 below) and has been the subject of exploration elsewhere in the Canning Basin by other parties in 2015, resulting in encouraging flow tests by Buru at Valhalla and Asgard.

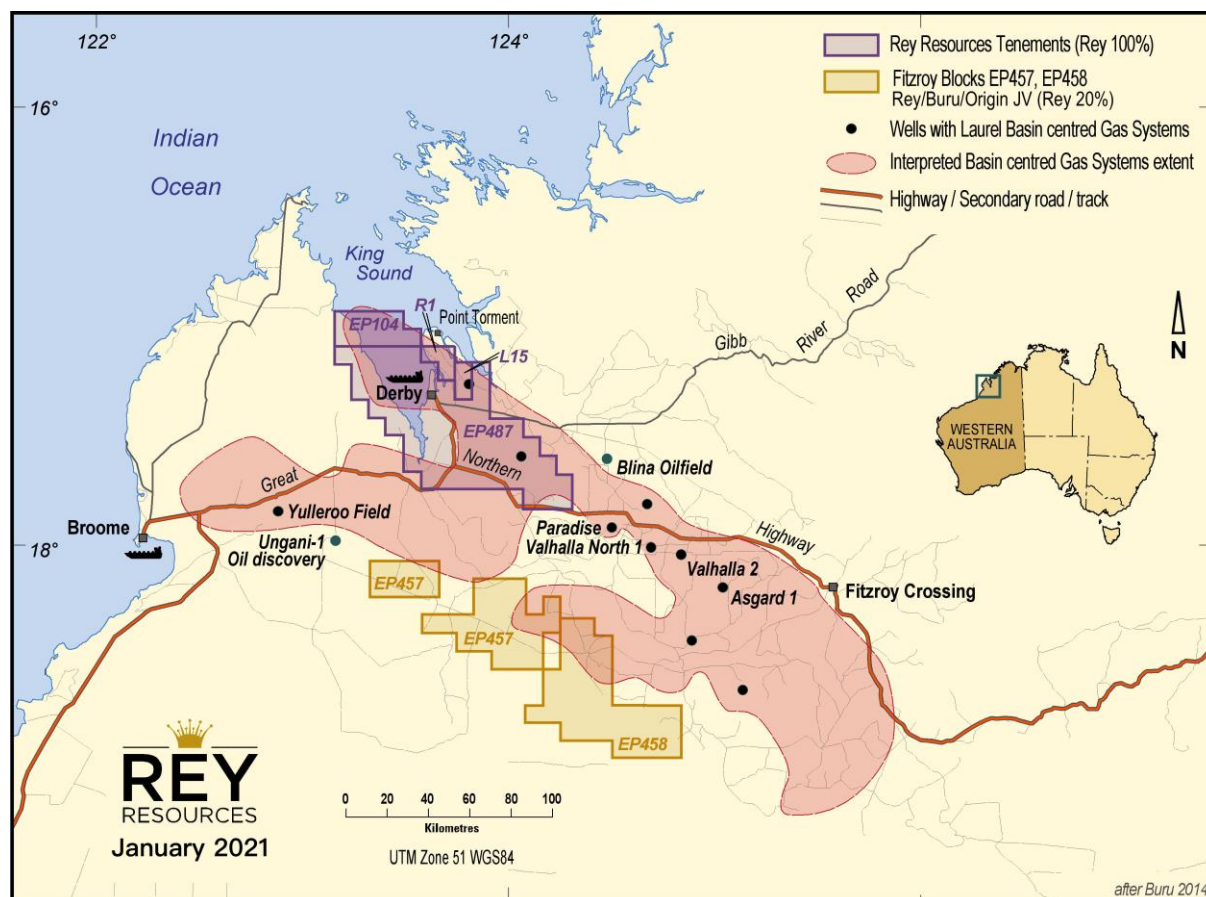


Figure 2: Interpreted extent of the Laurel Basin gas system in relation to Rey's petroleum interests (after Buru and others).

During the quarter, Rey discussed with the potential farmin partner for a large scale work program which will cover more prospects in EP487. The potential farmin partner supports the plan and the parties are in negotiation for a detailed work program.

## 1.3 Lennard Shelf Blocks (EP104, R1 and L15)

Rey holds a 100% interest in the Lennard Shelf Blocks, comprising EP104, a Retention Lease (R1) and one Production Licence (L15). The Lennard Shelf Blocks are situated to the north of Rey's existing interests in the Canning Basin (refer Figure 3) petroleum exploration licence, EP487 covering a total area of approximately 1,145 km<sup>2</sup> and are considered prospective for conventional oil and tight gas.



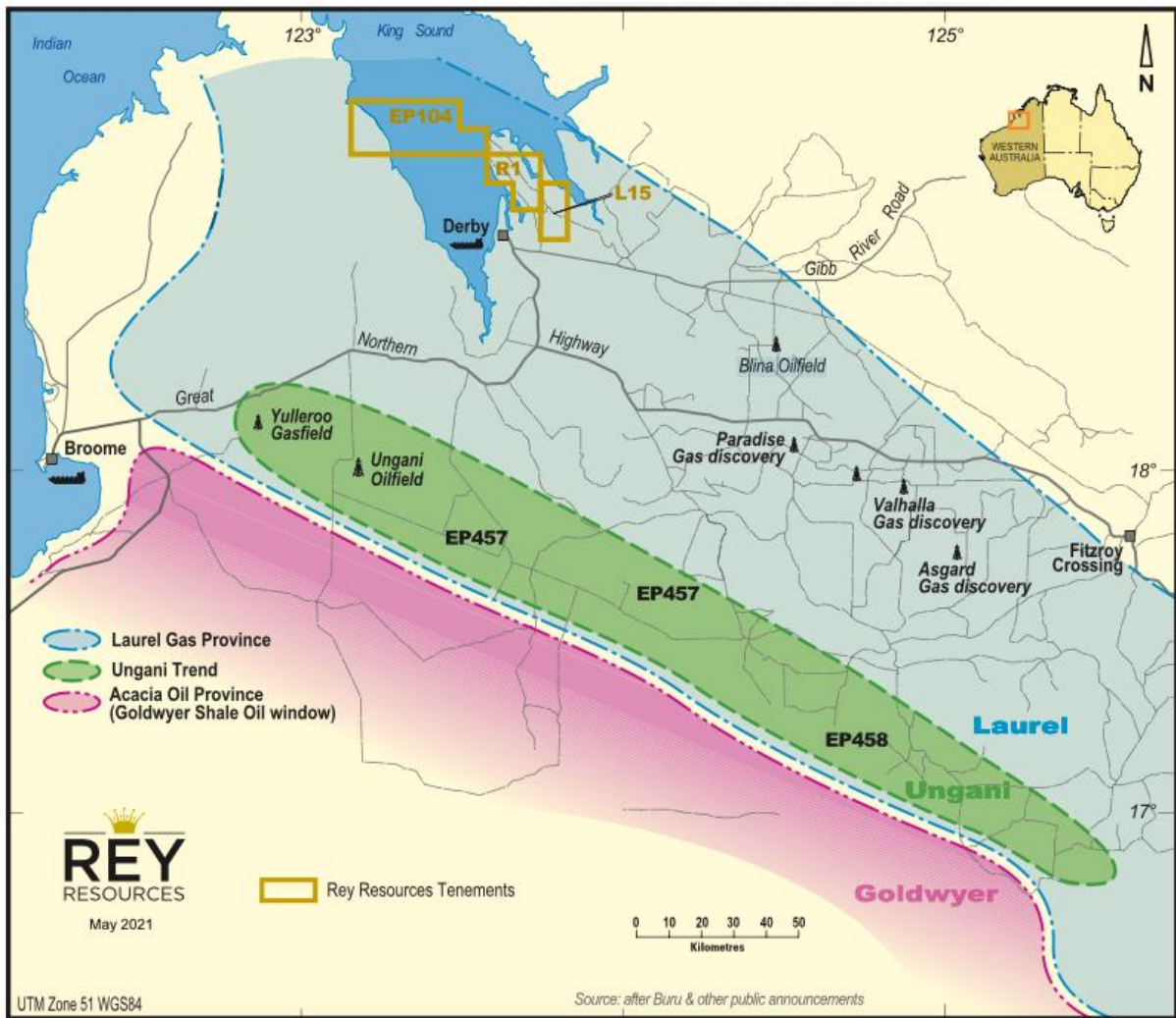


Figure 3: Location of Lennard Shelf Blocks

After the lodgement of R1 and EP104 renewal application, couple of discussions have been conducted with DMIRS and the renewal application is under review by the department.

The RISC resources review was completed during the report period to support the renewal of R1. The review is focus on the Anderson Sandstone in Point Torment trap. The seismic, structural interpretation, reservoir properties, gas condensate fluid properties were reviewed. The updated resources are 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

## 1.4 Surat Gas Project

On 21 December 2020, the Company announced that it has signed a term sheet with Southernpec (Australia) Pty Ltd (**SouthnA**) and Southernpec Holdings Pty Ltd pursuant to which Rey will acquire up to 75% equity interest in SouthnA which holds significant interests in Surat Gas Project.

In end of June, Rey signed a Debt to Equity Conversion Deed and a Share Buy-back Deed with SouthnA for the conversion of loan due by SouthnA and the buyback of all fully paid ordinary shares in SouthnA held by Rey. Please refer to the ASX announcement of Rey dated 4 July 2022.

## 2. Coal

The Duchess Paradise Coal Project (**DP Project**) is a proposed bituminous thermal coal operation located in the Canning Basin of Western Australia and is partly contiguous with the Fitzroy Blocks.

Following the execution of the Access Deed with the last objector to the Mining Licence Application, the Court is making the final recommendations to the Minister. DMIRS also requested Rey to re-start the negotiation process. Rey continues the negotiation with Native Titleholders during the quarter for a heritage agreement.

Rey received minor comments on the protocol from Native Titleholders. Rey will continue to contact with Native Titleholder to discuss and negotiate the protocol.

## 3. Corporate

On 22 June 2022, Rey announced that it had agreed with Ms Wanyan Liu and ASF Group Limited for the extension of the respective loan maturity dates by 1 year to 31 October 2023. Ms Wanyan Liu also agreed to increase the loan facility amount provided to Rey by \$4.5 million to a total of \$17 million.

As at the quarter ended 30 June 2022, the Company maintained a cash balance of \$172,000 and available loan facilities from Ms Wanyan Liu and ASF Group Limited of \$4.84 million and \$2 million respectively.

As required pursuant to section 6 of the Company's Appendix 5B, the Company paid approximately \$33,000 to related parties during the quarter, of which \$17,000 were consulting fees and \$16,000 were Director fees.

## **Competent Person Statement**

### **Oil and Gas**

The oil and gas contingent resources quoted in this Quarterly Report has been compiled and/or assessed by Mr. John Begg who is a qualified petroleum reserves and resources evaluator. Mr John Begg is a highly experienced Petroleum Geologist and senior Advisor to Rey Resources. Mr Begg has over 42 years of experience in the oil and gas industry. Mr Begg is a member of the Petroleum Exploration Society of Australia (PESA) and is a recipient of the John Doran award for lifetime achievement in the 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 Contingency Resources in the form and context in which it appears.

## Corporate Directory

### Board of Directors

Min Yang	Non-Executive Chairman
Wei Jin	Managing Director
Geoff Baker	Non-Executive Director
Dachun Zhang	Independent Non-Executive Director
Louis Chien	Alternate Non-Executive Director (alternate to Min Yang)

### Company Secretary

William Kuan

### Capital Structure

Rey Resources is listed on the Australian Securities Exchange (ASX: REY) and had 211,927,539 ordinary shares on issue as at 30 June 2022.

### Share Registry

Boardroom Pty Limited  
Level 12, 225 George Street  
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### Registered Office

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## Tenement Tenure Status (as at 30 June 2022)

Tenure ID <sup>1</sup>	Tenure Type	Holder (wholly owned Rey subsidiary company)	Ownership% beginning quarter	Ownership% end quarter
<b>Mineral Licences</b>				
E04/1519	Exploration Licence	Blackfin Pty Ltd	100	100
E04/1770	Exploration Licence	Blackfin Pty Ltd	100	100
M04/0453	Mining Lease Application	Blackfin Pty Ltd	100	100
<b>Petroleum Permits</b>				
EP457	Exploration Permit	Rey Oil and Gas Pty Ltd	20	20
EP458	Exploration Permit	Rey Oil and Gas Pty Ltd	20	20
EP487 <sup>2</sup>	Exploration Permit	Rey Lennard Shelf Pty Ltd ("RLS")	50	50
EP487 <sup>2</sup>	Exploration Permit	Rey Derby Block Pty Ltd ("RDB")	50	50
L15	Production Licence	Gulliver Productions	100	100
R1	Retention Licence	Gulliver Productions	100	100
EP104	Exploration Permit	Gulliver Productions	100	100

<sup>1</sup> All tenements are located in Western Australia.

<sup>2</sup> Royalties attaching to EP487: RLS 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 interest in EP487; or pay \$2 million to Backreef.