

ASX ANNOUNCEMENT

13 FEBRUARY 2023

EP457 AND EP458 – Origin Withdrawal

Rey Resources Limited (**Rey** or the **Company**) (ASX: REY) advises that it has entered into a binding letter agreement with Buru Fitzroy Pty Ltd (**Buru**) and Origin Energy West Pty Ltd (**Origin**), to effect the withdrawal by Origin from EP457 and EP458 (the **Permits**).

Origin had farmed into the Permits in 2021 as part of a wider Canning Basin exploration program and has now decided to withdraw from the Canning Basin including the Permits due to changing strategic imperatives around its broader upstream exploration activities.

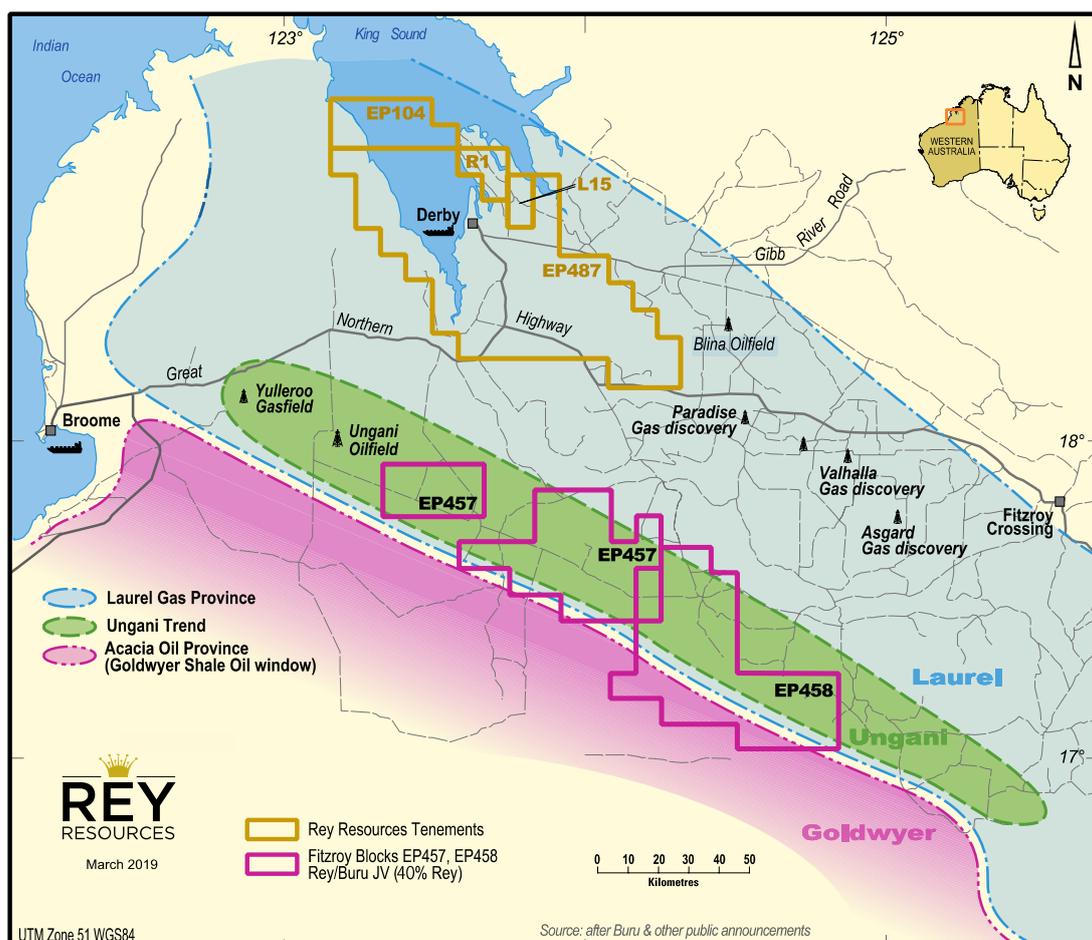


Figure 1. Location of the Permits and Rey's other oil and gas interests in the Canning Basin.

Pursuant to the agreed withdrawal arrangement, Origin's 40% interest in the Permits it shares with Buru and Rey will be assigned back to Buru and Rey equally in accordance with their pre-farmin equities, in consideration for releasing Origin from its residual farmin and rehabilitation liabilities associated with the Celestine 2D seismic survey carried out in 2021. Buru will remain Operator of the Permits with a participating interest of 60%, with Rey holding the remaining 40%.

The transaction and assignment of Origin's interests as set out above remains subject to regulatory approvals following the lodgement of the instruments of transfer in respect of the Permits with the Department of Mines, Industry Regulation and Safety (DMIRS). The effective date in relation to joint venture costs is the date these documents are lodged with DMIRS.

Rey's Managing Director, Wei Jin commented on this transaction:

"As a result of Origin's withdrawal, Rey is doubling its interests in these strategically located and highly prospective permits. Their prospectivity was significantly enhanced by the discovery of the large-scale conventional gas and condensate discovery in the neighbouring EP428 permit with the drilling of the Rafael 1 well in 2021.

As the next step, the EP428 and EP457 permit partners are planning to acquire a joint 3D seismic survey during the upcoming 2023 Canning Basin field season to delineate the Rafael discovery which is currently mapped to extend into EP457."

Information about EP457 and EP458

The Fitzroy Blocks (comprising a combined area in excess of 5,000 square kilometres) are located over parts of the southern flank of the Fitzroy Graben. The Fitzroy Blocks straddle three major trends:

- the Ungani conventional oil and gas trend ("Ungani Trend") based on the Ungani oil and Rafael wet gas discoveries;
- the Laurel Basin-Centred Gas Accumulation, conventional and unconventional gas; and
- the Goldwyer oil and gas unconventional shale.

The Ungani Trend includes identified leads and prospects in an area of prospectivity of at least 120 kilometres by 40 kilometres (over one million acres or 4,800 square kilometre). This extends diagonally, north-west to south-east, across the Fitzroy Blocks. The conventional dolomite reservoir oil discovery by Buru in 2011 at Ungani (located 15 kilometres north-west of EP457) on the trend running through the Fitzroy Blocks is a significant regional discovery event. Commercial production was established by Buru at Ungani in mid-2015.

A significant conventional gas and condensate discovery was made more recently on this Ungani Trend with the drilling of the Rafael 1 well just north of the EP457/EP428 permit boundary. This discovery has the potential to hold significant volumes of gas and condensate and is currently mapped to extend into EP457. Further 3D seismic and appraisal drilling will be required to delineate the extent and size of this discovery.

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

The Goldwyer Shale Formation is characterised as a thick, regionally extensive organic rich "Bakken" shale analogue. The play type is regarded as highly prospective and interpreted to extend across part of the Fitzroy Blocks.

Authorised by the Board of Rey Resources Limited

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