

ASX ANNOUNCEMENT

9 SEPTEMBER 2015

Victory 1 spuds on the Ungani Trend

Rey Resources Limited (**Rey** or the **Company**) (ASX: REY) announces it has been informed by Buru Energy Limited (Buru Energy) (ASX:BRU), as operator of petroleum exploration licence EP 457, that it has spudded the Victory 1 well (refer Buru ASX announcement 9 September 2015). Rey has a 25% equity interest in the Victory 1 well (and contributes 16.7% to its cost).

Victory 1 is targeting conventional oil and gas on the Ungani Trend which hosts the producing Ungani Oilfield and the recently drilled Praslin-1 well where Buru Energy announced the discovery of oil shows over a 23m section.

Buru Energy's estimate of gross illustrative probabilistic volumetric estimates (unrisked) of the Victory prospect as at 9 September 2015 are:

- Best Estimate 40 million barrels of oil recoverable;
- Low Estimate: 7 million barrels of oil recoverable; and
- High Estimate: 98 million barrels of oil recoverable¹.

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.

The well, which is being drilled with Atlas Rig 2, has a programmed maximum total depth of 2,600 metres and is expected to take some 34 days to drill.

The Victory prospect has similarities to Ungani (currently producing approximately 1,250 bbl oil/day) although is potentially considerably larger. It has been defined by 2D seismic surveys and regional aerogravity surveys. Victory is one of a series of structures along the structural terraces to the east of Ungani. These structures provide both potential follow-up locations and additional stand-alone prospectivity to Victory. One of these structures is at Senagi in EP458 (Rey 25% equity) which is planned to be drilled in October 2015.

Rey's Managing Director, Kevin Wilson said: "Victory 1 is the first of two wells to be drilled on the Ungani trend that we will participate in over the next few months. Both are potentially high impact

¹ Rey's economic interest: Best Estimate 10 million barrels of oil recoverable; Low Estimate: 1.75 million barrels of oil recoverable and High Estimate: 24.5 million barrels of oil recoverable.

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wells. Recent successes elsewhere on the Ungani Trend by the Buru/MC JV at Ungani and Praslin 1 evidence strong encouragement for Victory which has the potential to be large if it is successful.”

For further information please contact:

Kevin Wilson

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Competent Persons Statement

Petroleum Exploration

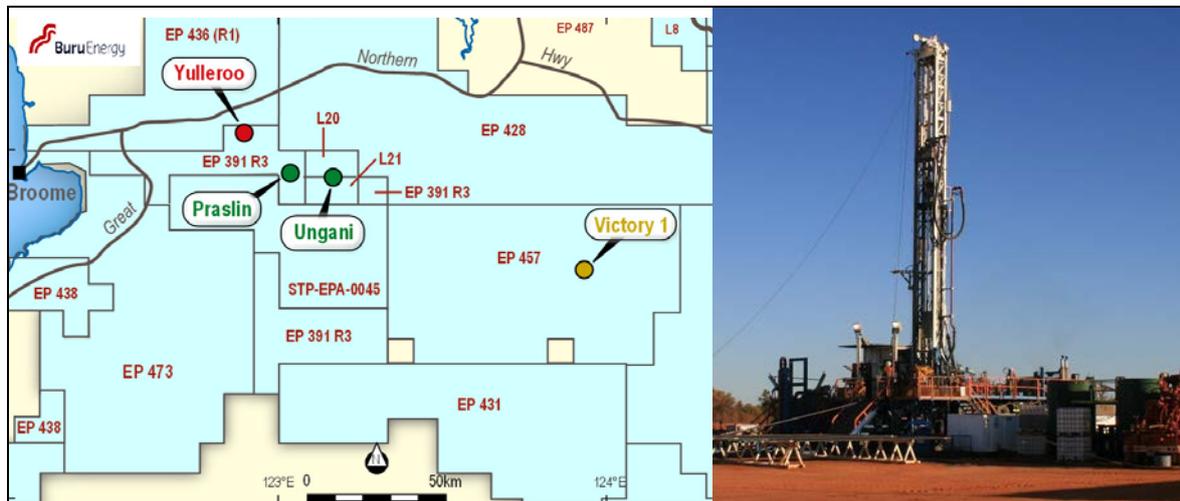
The technical information quoted has been compiled and/or assessed by Mr. Keith Martens who is a self-employed consulting professional geologist, and a continuous Member of the Petroleum Exploration Society of Australia since 1999. Mr. Martens has a BSc degree in geology/geophysics and has over 35 years' experience in the petroleum industry. 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.

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The following Well Summary is sourced from Buru Energy (ASX release 9 September 2015):

Victory 1

PERMIT	The Victory 1 well is located in exploration permit EP 457, 185 kilometres to the east of Broome and 85 kilometres southeast of the Ungani Oil field.
WELL LOCATION	Latitude: 18 ^o 15' 10.0" S Easting: 597,994 m Longitude: 123 ^o 55' 37.1" E Northing: 7,981,599 m
BURU ENERGY'S INTEREST	Buru Energy Limited holds a 37.5% interest in the well
DATE OF PROGRESS REPORT	06:00 hours, 9 September 2015 (AWST)
PROPOSED TOTAL DEPTH	Maximum 2,600 metres
CURRENT DEPTH	81 metres
PROGNOSED TIME TO COMPLETION	34 days
SPUD DATE	9 September 2015
DAYS SINCE SPUD	0 days
CURRENT TARGET FORMATION	The primary well objectives are conventional hydrocarbons in the Laurel lower clastics and carbonate (Ungani Dolomite); and Upper Devonian (Nullara) carbonates.
OPERATIONS SINCE LAST PROGRESS REPORT	Drilling operations commenced at 01:00 hours on 9 September 2015 (AWST) using Atlas Rig 2. As at 06:00 hrs today, the well was drilling ahead at 81m.
HYDROCARBON INDICATIONS	None - None expected.
FORWARD OPERATIONS	Drill ahead to first casing point.



Victory 1 Location Map (after Buru Energy)

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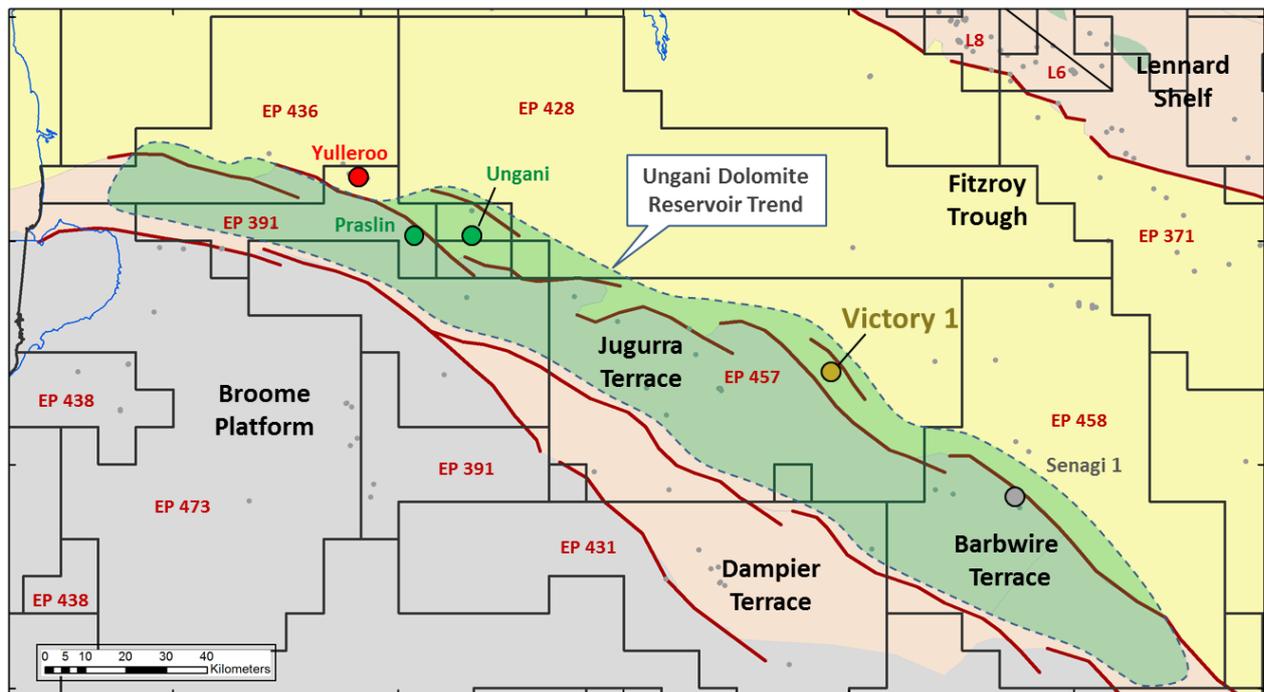
The following Prospect Description and Prospective Resources are sourced from Buru Energy (ASX release 9 September 2015):

“Prospect Description

The Victory prospect is mapped as a large four way structural closure at the Laurel Lower carbonate (Ungani Dolomite) level on a one kilometre 2D seismic data grid acquired both in the 1980’s and more recently in 2013 as part of the Buru Energy operated Frome Rocks 2D seismic survey.

Victory shares a similar geological setting to the Ungani oil field located on a local structural high within the Fitzroy Trough immediately to the northeast of the Jugurra Terrace. The Ungani (Laurel Lower Carbonate) and the Nullara (Upper Devonian) dolomitised carbonate reservoirs are known to be established over a 200km long trend along the Jugurra and Barbwire Terraces where oil was recently discovered in the Praslin 1 well and will be targeted later in 2015 by the Senagi well. Laurel clastic reservoirs similar to those containing gas at Yulleroo are also a potential target.

Geological Structural Setting of the Ungani Dolomite Reservoir Trend



Prospective Resources

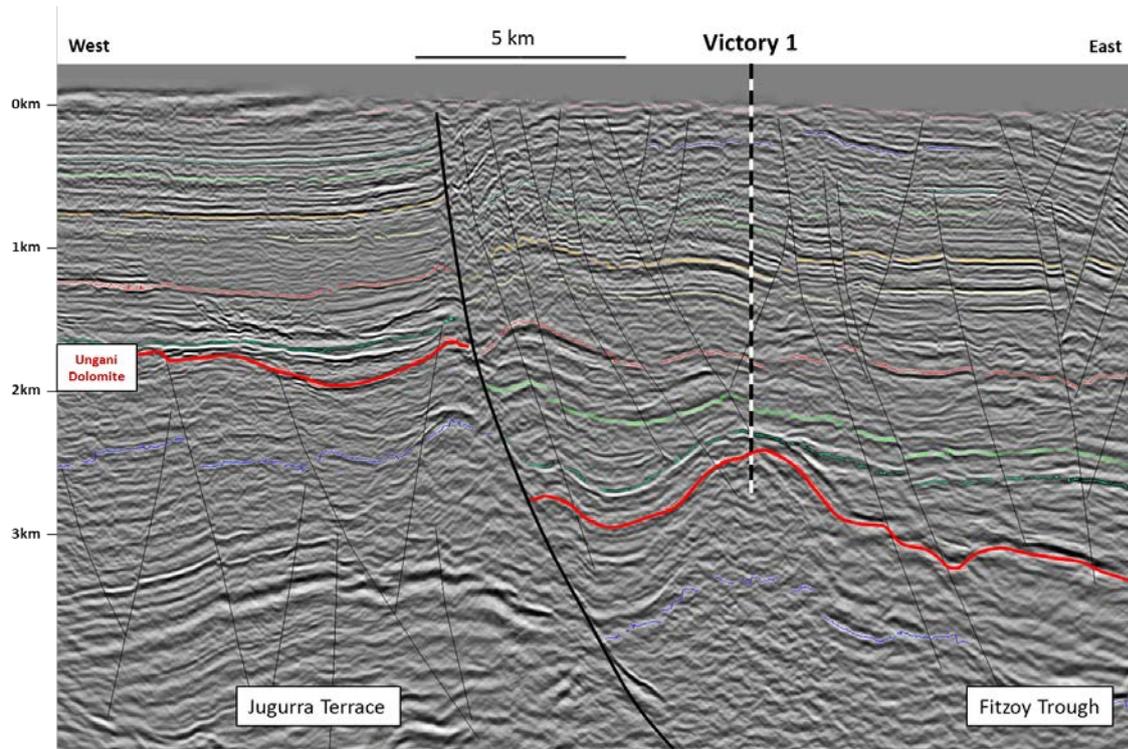
Buru Energy has a 37.5% beneficial interest in the Prospective Recoverable Resources (unrisked) of the Victory prospect. Buru Energy’s estimate of the prospect gross illustrative probabilistic volumetric estimates (million barrels of oil recoverable) of the Victory prospect are as follows:

Best Estimate:	40
Low:	7
High:	98

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The following Operational Description and Prospective Resources are sourced from Buru Energy (ASX release 9 September 2015):

“2D Seismic section BFR13-37 over the Victory prospect



Operational

The well is being drilled with Atlas Rig 2 operated by Atlas Drilling, a subsidiary of Titan Energy Services. The well will be drilled under similar contractual conditions to the recent Praslin 1 well with the drilling component of the well cost under a fixed price to fixed depth contract. Formation evaluation will be carried out with conventional wireline logging tools including if required formation pressure measurements of any potential hydrocarbon zones. Testing of potential hydrocarbon zones will then be carried out with a separate Buru Energy testing crew as soon as practicable after the rig is released.”

Atlas Rig #2 (shown here at the Buru operated Praslin 1 well)



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