annual report 2008
towards a coal resource

REY RESOURCES LIMITED

Contents

Rey Resources is focused on the development of its thermal coal properties. It owns extensive coal, oil and gas tenements in North-West Australia that have excellent potential for medium to large scale development, as well as base metal properties in South America. The company aims to create shareholder value through the development of coal properties and the divestment or joint venturing of the other properties.

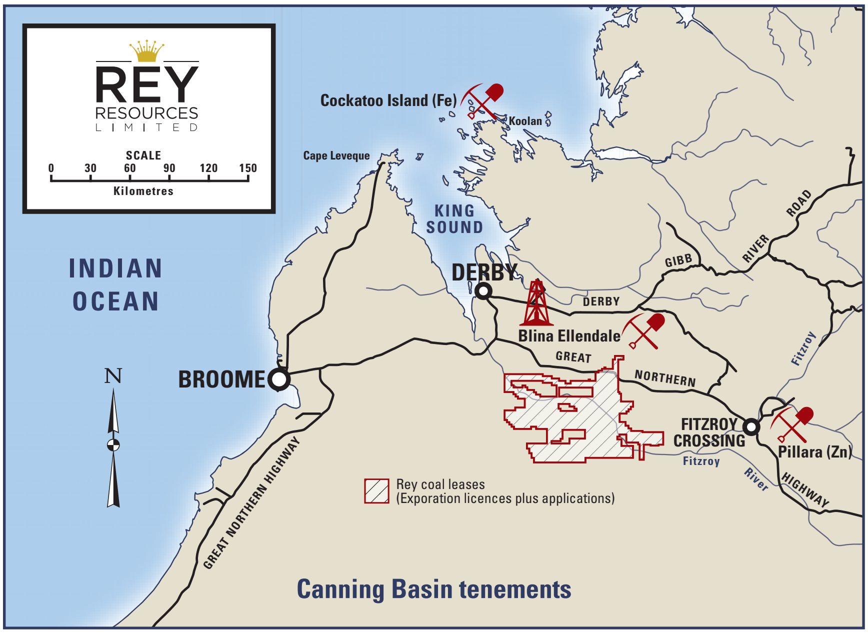
Achievements

- Raised funding in difficult equity environment
- Commenced 20,000 metre drill campaign
- Extended coal exploration footprint

Objectives

- Establish initial Joint Ore Reserves Code (JORC) coal resource
- Commence pre-feasibility study
- Define reserves

“The Canning Basin is well located to supply growing demand for thermal coal in the Asian markets.”



Chairman's Report

Dear Shareholder

I am pleased to present the Annual Report for the year ending 30 June 2008 and report on Rey Resources' development. Our Company has made significant progress this year and as at the date of this letter exploration in the Canning Basin in north-west Western Australia has been augmented with the addition of a third drilling rig.

Rey Resources is on track to deliver its maiden JORC compliant coal resource in the first quarter of 2009.

This year Rey Resources has focused on its wholly owned Canning Coal project. We are seeking, within this large basin, to establish multiple resources of thermal coal for export markets, domestic consumption and in-ground gasification projects. Coal seam methane testing will also be undertaken. In addition, there remains over 100 kilometres of strike length to be tested in upcoming drilling seasons. Testing of coal properties to date, although preliminary and incomplete, indicates that the coal will be a competitive alternative to Indonesian export coal. Indonesia is currently the world's largest exporter of thermal coal.

The Company's South American tenements are now on care and maintenance as we have decided to concentrate our efforts on the Canning Basin. Further investigation of the projects in Chile and Peru will require significant expenditure and management resources. We have had several approaches regarding sale or joint venture of the properties but these have not met the terms at which we are prepared to divest and we are prepared to wait until the market for early stage metal exploration properties improves.

As outlined in the Managing Director's report, the exploration campaign will continue at the Canning project until over 20,000 metres of drilling is completed. Full credit must go to our Managing Director, Kevin Wilson, for the successful implementation of this program. Our Technical Director, Dr Bruce Preston has been resident in Derby in north-west Western Australia for the duration of the drilling and has successfully led the local team. Our team has established relationships with the Kimberley Land Council and the local indigenous groups, in particular the Nyikina Mangala people. It is our intent to ensure that the local indigenous people will continue to be positively involved in this project.

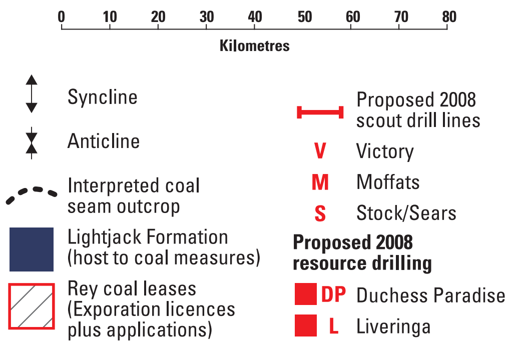
Shareholders may not be aware that a third of the world's population does not have access to electricity, many of whom are located in the Asian region. Coal fired power stations are a critical part of the solution to rapidly bring electricity to many of these people. We look forward to the prospect of being important suppliers of coal to these markets and enabling improved living standards in the Asian region. At the same time we are looking to work with the industry to assist in the development of 'clean coal' through various initiatives being undertaken including geological carbon dioxide sequestration.

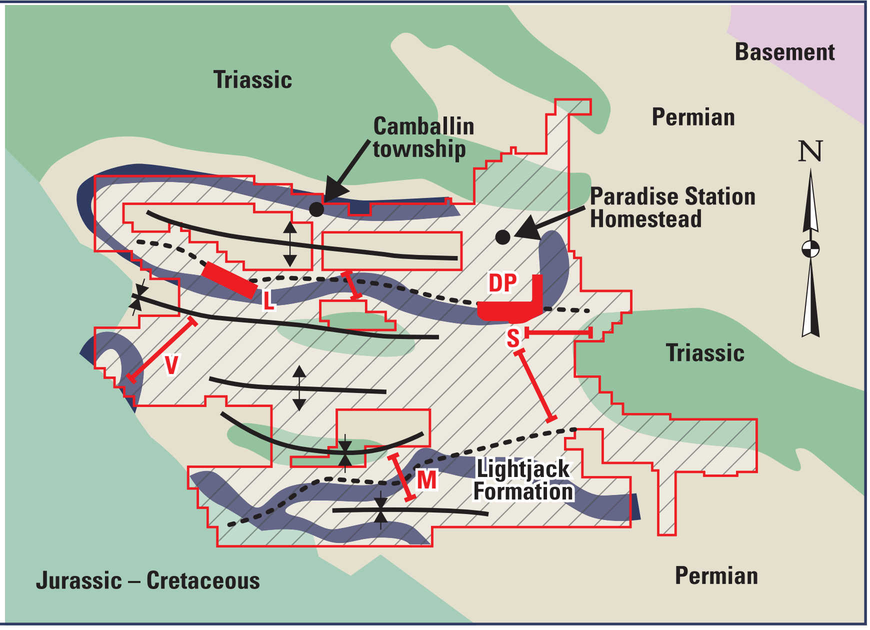
We have been approached on many occasions by coal users in Asia who are seeking agreements to purchase coal in return for investment funds. International investors in the coal industry have changed from initially being purchasers of output to joint venture participants in mining projects to investors in project development and now participate in the funding of exploration. Such progression demonstrates the major transformation in attitudes experienced in this cycle of sustained commodity demand and is evidence of the underlying strength of demand for thermal coal.

I would like to thank my fellow Directors for their contribution and look forward to working with them to develop the Company in the coming year. In 2009 Rey Resources aims to both increase the size of its coal resources and to commence a feasibility study on the development of the Canning Coal basin. This should demonstrate to shareholders and potential investors the value being created by our efforts.

Julian Ludowici
Chairman

REY RESOURCES LIMITED





"Our 2008 drilling program is designed to generate a JORC resource in early 2009."

Managing Director's Report

The year was an important one for Rey Resources as we were able to gain access to the Company's coal leases in the Canning Basin and undertake the first substantial program to drill for coal in the area for 25 years. Results to date have confirmed earlier work and are providing the basis for resource calculations that will continue through into 2009.

Strategy

Rey Resources' strategy is to generate shareholder wealth through the development of its energy projects which are located in the Canning Basin of Western Australia. The priority asset within the Canning Basin is an extensive thermal coal deposit that is being investigated as suitable for development into an export mining business and potentially for domestic market. During the year we made significant advances towards our goal of identifying a sustainable coal operation.

Canning Basin

Rey Resources has 38 leases covering approximately 18,000 square kilometres in the Canning Basin of Western Australia, approximately 150 kilometres to the south-east of the port of Derby. This is a semi arid area close to the Great Sandy Desert. Coal is found in the Permian Lightjack Formation in the Fitzroy Trough of the Canning Basin and is known to occur extensively throughout the tenement package.

In August 2007, a Native Title and Heritage Protection Agreement was signed with the Kimberley Land Council. Following receipt of all permits and clearances and after the wet season, a drilling campaign was started in May 2008 and will continue into the December quarter. The drilling is designed to deliver a thermal coal resource in the first quarter of 2009.

Duchess Coal Project

The Duchess Coal Project occurs in the northwest of the lease package, approximately 30 kilometres south of the Great Northern Highway. Earlier drilling by Premier Mining in the 1970s reported coal in the area and Rey Resources is testing the concept that the coal is present in sufficient quantities to support an export thermal coal operation. The current drilling program is designed to deliver a resource on which a feasibility study can be performed. We are examining the potential of the Duchess Coal Project to support both open cut and underground operations.

A program of open hole and core drilling has demonstrated that coal persists throughout the project area for a total strike length of approximately 10 kilometres. The coal occurs as two seams which dip at approximately seven degrees to the south. The upper seam (Paradise Seam) averages a thickness of 2.5 metres while the lower banded coal horizon averages six to seven metres. Coal quality analysis is currently in progress and together with the drilling results, should enable us to deliver a JORC resource in the first quarter of 2009.

Paradise Coal Project

The Paradise Coal Project is the continuation of the Duchess Coal Project to the north (see map, page 4). Open hole and core drilling undertaken during the year demonstrated that the upper (Paradise Seam) persists for approximately eight kilometres along strike to the north although the lower seam thins to approximately two metres. The coal seams dip shallowly at up to six degrees to the east.

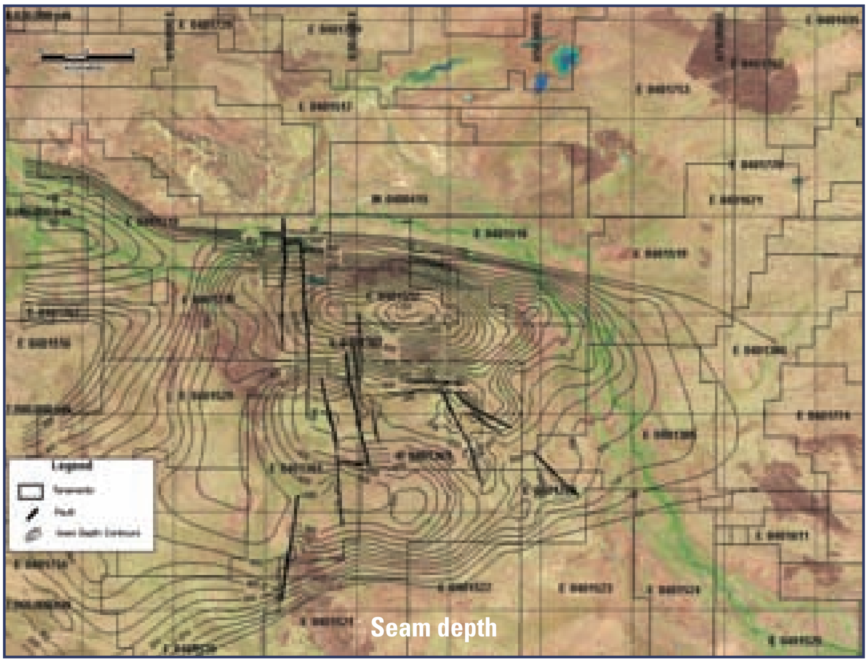
A JORC resource statement of this area is planned for the first quarter of 2009.

Liveringa Coal Project

The Liveringa Coal Project is located approximately 60 kilometres along strike to the west of the Duchess Coal Project. Previous drilling by AIE in the 1970s reported the presence of a coal and led to the commissioning of a feasibility study on an underground operation at Liveringa. The study concluded that an economic coal operation was not viable at that time, when prevailing export thermal coal prices were around US$30–$40 per tonne and regional markets were much less developed. Thermal coal prices at the date of this report are above US$125 per tonne, having reached US$200 per tonne earlier this year.

The current drilling program is designed to confirm the presence of coal and establish a resource on which further feasibility studies can be performed. To date the program of open hole and core drilling has identified an upper seam of approximately three metres thick and a lower, contiguous but banded coal measure of up to 30 metres thick. The seams dip to the south at approximately 25 degrees.

“We plan to investigate the coal basin for its suitability for Underground Coal Gasification as well as Coal Bed Methane.”



Underground Coal Gas

The coal in the basin is believed to be suitable for Underground Coal Gas (UCG) which is currently being trialled elsewhere by other companies in Australia. An area of deeper (200–300 metres) but apparently flat lying coal has been selected for investigation of its suitability for this style of extraction late in 2008.

Canning Basin Oil and Gas Project (Rey 100%, farm out to 10%)

Rey Resources has two petroleum Exploration Permits (EP457 and EP458) that overlap its coal leases. Rey Resources has entered into a farm-out arrangement with Gujarat NRE Mineral Resources Limited, a significant shareholder of Rey Resources. A Native Title and Heritage Protection Agreement for the Permits was signed in July 2007 and clearances for geophysical data acquisition in the field are planned for the first half of 2009.

Gujarat has paid $250,000 to Rey Resources and has the right to earn a 90% interest through the expenditure of $4.85 million over five years.

Canning Basin Coal Bed Methane (Rey 100%)

The Company has retained the rights to coal bed methane extraction from Exploration Permits EP457 and EP458 and plans to investigate the basin's potential to host coal bed methane during 2009.

Copper in Chile and Peru (Rey 100%)

Rey Resources has five projects in northern Chile, all located within 80 kilometres of the mining centre of Copiapo, which is 700 kilometres north of Santiago; and two projects in Peru.

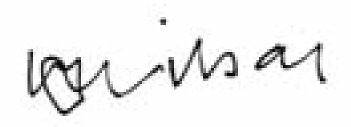
Consistent with our strategy that focuses our efforts on our Canning Basin assets, the Company decided to either sell or joint venture our South American assets. This process is continuing. In the interim, no field work will be undertaken on the assets.

Financial

Rey Resources raised $7.3 million during the year and in the process welcomed Australian institutional investors to the share register for the first time. The financing was completed via a combination of share placements and rights issue.
This provided the funds for the Canning Basin drilling program undertaken through 2008. At the end of the reporting year, cash stood at $5.2 million.

People and community

During the year we established an exploration office in Derby and engaged on a major drilling program. I would like to thank the employees and contractors who worked hard to achieve the considerable progress we have made. We have also worked closely with the Nyikina Mangala people and the Kimberley Land Council in obtaining clearance permits and operating on their land. Our aim is to develop a project that mutually benefits both the traditional owners and the Company.



Kevin Wilson
Managing Director

Directors' Report

Your Directors present their report on the Company and its Controlled Entities for the financial year ended 30 June 2008.

Directors

The names of Directors in office at any time during or since the end of the year are:

Mr. Julian Kinnear Ludowici – Chairman, non-executive
Qualifications – B. Com
Age 53
Appointed a Director on 16 February 2004

Mr. Ludowici was previously the Managing Director and Chairman of Customers Limited an Australian listed company, resigning in June 2005. He is a Director and member of the Audit Committee of the ASX listed Ludowici Limited, a mid size Australian business that supplies capital equipment and industrial consumables to the Australian mining industry. He was responsible for the establishment of BeMax Resources.

During the past 3 years Mr. Ludowici has held the following ASX listed Company directorships:

Company	Date Appointed	Date Resigned
Ludowici Limited	12 September 1988	Continuing
Customers Limited	17 October 1999	30 June 2005

Mr. Kevin John Wilson – Managing Director, executive
Qualifications – BSc (Hons), ARSM, MBA
Age 51
Appointed a Director on 9 August 2007

Mr. Wilson has over 25 years experience in the minerals and finance industries. He was previously the Managing Director of Leviathan Resources Limited, a Victorian gold mining company, from its IPO in 2005 through to its sale in 2006. His experience includes 8 years as a geologist with the Anglo American Group in Africa and North America; and 14 years as a stockbroking analyst and investment banker with CS Fist Boston and Merrill Lynch in Australia and New York.

During the past 3 years Mr. Wilson has held the following ASX listed Company directorships:

Company	Date Appointed	Date Resigned
Leviathan Resources Limited	21 December 2004	20 December 2006

Dr. Bruce Clement Preston –Technical Director, executive
Qualifications – BSc (Hons) PhD
Age 58
Appointed a Director on 27 July 2004

Dr. Preston is a geophysicist with over 10 years experience in mineral exploration and evaluation in Australia and the Asia Pacific, followed by 14 years as a mining research analyst/advisor in stockbroking and funds management. He has extensive knowledge of the mining sector and commodity markets.

Special Responsibilities: Audit Committee

Dr. Preston has held no other ASX listed Company directorship in the past 3 years.

Mr. Alan John Humphris – non-executive, independent
Qualifications – BSc BEc MA (Laws) Hons (UK) FCPA
Age 67
Appointed a Director on 27 July 2004

Mr. Humphris is an investment banker with more than 25 years experience in Australia and offshore markets specializing in corporate finance and advisory services. He is a Director of ASF Group Limited. Previously he was an Executive Director of Hambros Australia Limited and Head of Hambros Corporate Finance, and earlier he was a Director of J P Morgan Australia Limited.

Mr. Humphris has had significant experience in the resources sector in both advisory and prior Non-Executive Director roles.

Special Responsibilities: Audit Committee.

During the past 3 years Mr. Humphris has held the following ASX listed Company directorships:

Company	Date Appointed	Date Resigned
ASF Group Limited	5 September 2007	Continuing

Sri Arun Jagatramka – non-executive
Qualifications – Chartered Accountant
Age 46
Appointed a Director on 5 June 2006

Mr. Jagatramka is a qualified Chartered Accountant with All India 1st rank. He has more than 15 years of experience in Tax Consultancy and Merchant Banking. He has been managing the affairs of Gujarat NRE Coke Limited. since March 1997. Under his leadership, the production capacity of Gujarat NRE Coke Limited has been expanded to make it the largest non-captive low ash metallurgical coke manufacturer in India. He is also the Chairman of the ASX listed Gujarat NRE Minerals Limited and a Director of ASX listed Pluton Resources Limited and Pike River Coal Limited.

During the past 3 years Mr. Jagatramka has held the following ASX listed Company directorships:

Company	Date Appointed	Date Resigned
Gujarat NRE Minerals Limited (formerly India NRE Minerals Limited)	12 October 2004	Continuing
Gujarat NRE Resources NL	16 September 2005	Delisted 31 March 2008
Pike River Coal Limited	19 July 2007	Continuing
Pluton Resources Limited	31 October 2005	Continuing

Mr. James Timothy McClements – non-executive
Qualifications – B Econ
Age 45
Appointed a Director on 29 August 2007

Mr. McClements is the senior partner and co-founder of Resources Capital Funds (RCF), a resources investment group. He has led the organisation since inception and is chiefly responsible for the implementation of the Fund's investment strategy. He has extensive experience in the industry, particularly in the field of resource financing and investment in junior mining companies globally. Prior to the launch of RCF I in 1998, he was, for a period of four years, Senior Vice President and Director of N.M. Rothschild & Sons (Denver), and was responsible for the North American Resources banking. Mr McClements worked in Rothschild Australia Limited in Sydney for four years, specializing in the financing of mining companies.

During the past 3 years Mr. McClements has held the following ASX listed Company directorships:

Company	Date Appointed	Date Resigned
Murchison Metals Limited	2 May 2007	Continuing

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary
Mr. Neil Stack was appointed as Company Secretary on 30 June 2007. Mr. Stack is an Associate Chartered Accountant with more than 25 years experience in senior financial positions. Mr. Stack held the position of Company Secretary at the end of the financial year.

Principal Activities
The principal activities of the Consolidated Group during the financial year were resources exploration and mineral project evaluation.

Operating Results
The consolidated loss of the Consolidated Group for the financial year after providing for income tax amounted to $3,196,027. This loss was impacted by the write off of expenditures ($1,323,974) associated with the Company's investment in South America.

Dividend Paid or Recommended
No dividend has been declared or paid during the financial year.

Financial Position
The net assets of the Consolidated Group increased by $3,982,167 from 30 June 2007 to $7,614,789 in 2008.

Significant Changes in State of Affairs
Significant changes in the state of affairs of the Consolidated Group that occurred during the year ended 30 June 2008 were as follows:

- the Company and Gujarat NRE Oil Pty Limited and Gujarat NRE Mineral Resources Limited signed a Participation Agreement and a Joint Venture Operating Agreement to explore the Company's oil tenements;
- completion of two placements during the year raising $ 2.55 million and issuing 20.5 million shares;
- completion of Non Renounceable Rights Issue raising $4.7 million (before share issue expenses) and issuing 43.3 million shares;
- drilling commenced at the Duchess and Paradise Coal projects in May 2008; and
- divestment alternatives pursued for copper and gold properties in Chile.

After Balance Date Events
Drilling commenced at the Liveringa Coal project in July 2008.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material as unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Future Development, Prospects and Business Strategies
Likely developments in the operations of the Consolidated Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Economic Entity.

Environmental Issues
The Consolidated Group's operations are regulated by the Mineral Resource Development Legislation in the Jurisdictions in which operates. The Company seeks always to comply with the letter and spirit of all relevant environmental legislation.

Remuneration Report
This report details the nature and amount of remuneration for each Director of Rey Resources Limited and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Rey Resources Limited has been designed to align Director and Executive objectives with Shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Group's financial results. The Board of Rey Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the Consolidated Group, as well as create goal congruence between Directors, Executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration of key management for the Group is as follows:

- the remuneration policy, setting the terms and conditions for key management, was developed by the Remuneration Committee and approved by the Board;
- all Executives receive a base salary (which is based on factors such as length of service and experience) and superannuation; and
- the Remuneration Committee reviews executive packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors.

2008 Key Management

	Short Term Benefits	Post Employment Benefits	Share-based Payments	
	Cash Salary, fees and others $	Superannuation Contribution $	Options/Shares (1) $	Total $
Julian Ludowici	100,000	9,000	4,972	113,972
Kevin Wilson	333,333	16,500	45,158	394,991
Bruce Preston	150,000	13,500	4,972	168,472
Alan Humphris	28,100	2,250	3,516	33,866
Arun Jagatramka	25,000	2,250	2,688	29,938
James McClements	–	–	–	–
	636,433	**43,500**	**61,306**	**741,239**

2007 Key Management

	Short Term Benefits	Post Employment Benefits	Share-based Payments	
	Cash Salary, fees and others $	Superannuation Contribution $	Options/Shares (1) $	Total $
Julian Ludowici	113,333	7,200	20,697	141,230
Bruce Preston	150,000	13,500	20,697	184,197
Alan Humphris	30,991	2,250	4,944	38,185
Arun Jagatramka	25,000	–	1,494	26,494
Peter Gower	15,763	1,419	–	17,182
Jose Bahamondes*	91,577	–	20,697	112,274
	426,664	**24,369**	**68,529**	**519,562**

* Alternate Director to Alan Humphris

(1) The fair value of the options is calculated at the grant date using the Black-Scholes model.

Options are issued to Directors as part of the Company's Directors and Employees Option Plan.

Employment contracts of directors and senior executives

The employment conditions of the Chairman, Mr. Julian Ludowici and the Managing Director, Mr. Kevin Wilson are formalised in contracts of employment.

Meetings of Directors

During the financial year 11 Directors' meetings were held.

Attendance at Directors' meetings by each Director during the year were as follows:

	No. of meetings eligible to attend	No. of meetings attended
Julian Ludowici	11	11
Kevin Wilson	9	9
Bruce Preston	11	10
Alan Humphris	11	10
Arun Jagatramka	11	3
James McClements	8	8
Jose Bahamondes (alt. to Alan Humphris)	11	2
Mihir Dave (alt. to Arun Jagatramka)	10	6

There were also 2 Audit Committee meetings held during the 2008 financial year.

Attendances at the Audit Committee's meetings by each Director during the year were as follows:

	No. of meetings eligible to attend	No. of meetings attended
Alan Humphris	2	2
Bruce Preston	2	1

Indemnifying Officers or Auditors

During or since the end of the financial year the Company has given an indemnity as follows:

the Company has entered into an agreement to indemnify Directors, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the Directors; and

the Company has agreed that Directors' liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company will be indemnified by the Company.

Options

At the date of this report, the unissued ordinary shares of Rey Resources Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
29/05/06	31/12/09	$0.20	2,000,000
29/11/06	31/12/09	$0.20	1,000,000
20/11/07	31/12/09	$0.20	500,000
21/01/08	31/03/10	$0.30	5,000,000
27/03/08	31/03/10	$0.30	24,636,819
24/06/08	09/08/10	$0.10	1,000,000
24/06/08	09/08/11	$0.15	1,000,000
24/06/08	09/08/12	$0.20	1,000,000
24/06/08	09/08/13	$0.30	1,000,000
24/06/08	09/08/10	$0.30	50,000
24/06/08	09/08/11	$0.45	50,000
24/06/08	09/08/12	$0.60	50,000
			37,286,819

During the year ended 30 June 2008, the following ordinary shares were issued on the exercise of options granted:

Grant Date	Exercise Price	Number of Shares Issued
29/05/06	$0.20	80,500

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2008:

	$
Taxation services	4,800
	4,800

Corporate Governance Statement

In August 2007 the ASX Corporate Governance Council released a document entitled Corporate Governance Principles and Recommendations (2nd Edition). Rey Resources Limited has ensured adoption of those recommendations where possible. The table below summarises those recommendations and the Company's current practices, including explanations in the instances where the Company does not comply.

		Complied	Note
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	✔	
1.2	Disclose the process for evaluating the performance of senior executives.	✔	
1.3	Provide for the information indicated in the Guide for reporting Principle 1.	✔	
2.1	A majority of the board should be independent directors.	✘	1
2.2	The chair should be an independent director.	✘	1
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	✔	
2.4	Establish a nomination committee.	✘	1
	Disclose the process for evaluating the performance of the board, its committees and individual directors.	✔	
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	✔	
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	✔	
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	✔	
3.3	Provide the information indicated in the Guide to reporting on Principle 3.	✔	
4.1	Establish an audit committee	✔	
4.2	The audit committee should be structured so that it:		
	• consists only of non-executive directors	✘	2
	• consists of a majority of independent directors	✘	2
	• is chaired by an independent chair, who is not chair of the board	✔	
	• has at least three members.	✘	2
4.3	The audit committee should have a formal charter.	✔	
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	✔	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	✔	
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	✔	
6.1	Design a communications policy promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	✔	
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	✔	
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	✔	

7.2	Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✔	3
7.3	Disclose whether it has received assurance from the managing director and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✔	3
7.4	Provide the information indicated in the Guide to reporting on Principle 7.	✔	
8.1	Establish a remuneration committee.	✔	4
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	✔	
8.3	Provide the information indicated in the Guide to reporting on Principle 8.	✔	

Notes

1. The Board currently has one Independent Director, Mr. Alan Humphris. The Board believes that the experience and skills of the Directors are sufficient to discharge the Board's duties effectively. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the expense of appointing additional Independent Directors.

   The Chairman, Mr. Julian Ludowici is not an Independent Director. The Board believes that the Chairman brings quality and independent judgement to all relevant issues falling within the scope of the role of Chairman.

   The Board considers the Company is not currently of a size to justify the formation of a Nomination Committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification of attributes required by new Directors and has a Nomination Policy.
2. The Audit Committee comprises one independent non- executive Director who is the Chairman of the Committee and one Executive Director who is not the Managing Director and is not responsible for the financial activities of the Company. There is currently only one Independent Director of the Company. The Board believes that Mr. Humphris and Mr. Preston have the experience and skills to discharge the Audit Committee's duties effectively.
3. The Board has received from management an assurance that internal risk management and internal control system is effective; and assurance from the Managing Director that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control which is operating effectively in respect to financial reporting risks.
4. The Board as a whole meets as a Remuneration Committee. The Board Members details are given elsewhere in the Directors' Report. The Remuneration Committee charter is available on the Company website. There are no schemes for retirement benefits other than statutory superannuation for Non-Executive Directors.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 17 of the Directors' report.

Signed in accordance with a resolution of the Board of Directors.

Julian Ludowici
Chairman

Dated: 25 September 2008

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

Hall Chadwick
Chartered Accountants & Business Advisers

To The Directors of Rey Resources Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 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.

Hall Chadwick
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Dated: 25 September 2008

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Income Statement

for year ended 30 June 2008

	Note	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Revenue	2	**425,432**	150,215	**410,944**	150,209
Office supplies and expenses		**(293,933)**	(134,583)	**(135,861)**	(87,980)
Mining tenements expenditure		**(257,403)**	(142,656)	**(113,834)**	(49,192)
Exploration cost expensed		**(1,323,974)**	–	–	–
Professional and consulting Fees		**(354,559)**	(234,948)	**(304,087)**	(157,441)
Employee benefits expense		**(819,935)**	(486,610)	**(738,083)**	(395,033)
Depreciation and amortisation expense		**(11,217)**	(8,830)	**(9,100)**	(6,916)
Foreign exchange loss		**(270,936)**	(162,354)	**(278,702)**	(185,880)
Impairment loss	9	**–**	–	**(2,273,630)**	–
Other expenses from ordinary activities		**(289,502)**	(131,578)	**(228,595)**	(103,274)
Loss from ordinary activities before income tax expense	3	**(3,196,027)**	(1,151,344)	**(3,670,948)**	(835,507)
Income tax expense relating to ordinary activities	4	**–**	–	**–**	–
Loss from ordinary activities after related income tax expense		**(3,196,027)**	(1,151,344)	**(3,670,948)**	(835,507)
Net loss attributable to members of the parent company		**(3,196,027)**	(1,151,344)	**(3,670,948)**	(835,507)
Basic earnings per share (cents per share)	7	**(3.29)**	(1.58)	**(3.77)**	(1.15)
Diluted earnings per share (cents per share)	7	**(2.93)**	(0.98)	**(3.37)**	(0.71)

The accompanying notes form part of these financial statements.

Balance Sheet

as at 30 June 2008

	Note	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	**5,210,616**	887,422	**5,204,818**	761,316
Trade and other receivables	9	**238,862**	212,114	**1,228,659**	2,850,221
Financial assets	10	**19,557**	18,719	**19,557**	18,719
TOTAL CURRENT ASSETS		**5,469,035**	1,118,255	**6,453,034**	3,630,256
NON-CURRENT ASSETS					
Plant and equipment	12	**96,071**	50,163	**92,172**	44,189
Other non-current asset	13	**2,872,826**	2,587,667	**1,249,307**	127,313
Financial assets	10	**–**	–	**670,267**	670,265
Intangible assets	14	**10,147**	5,319	**10,147**	5,319
TOTAL NON-CURRENT ASSETS		**2,979,044**	2,643,149	**2,021,893**	847,086
TOTAL ASSETS		**8,448,079**	3,761,404	**8,474,927**	4,477,342
CURRENT LIABILITIES					
Trade and other payables	15	**833,290**	128,782	**801,577**	127,538
TOTAL CURRENT LIABILITIES		**833,290**	128,782	**801,577**	127,538
TOTAL LIABILITIES		**833,290**	128,782	**801,577**	127,538
NET ASSETS		**7,614,789**	3,632,622	**7,673,350**	4,349,804
EQUITY					
Issued capital	17	**13,438,062**	6,561,497	**13,438,062**	6,561,497
Reserves	18	**433,066**	131,437	**190,893**	72,964
Accumulated losses		**(6,256,339)**	(3,060,312)	**(5,955,605)**	(2,284,657)
TOTAL EQUITY		**7,614,789**	3,632,622	**7,673,350**	4,349,804

The accompanying notes form part of these financial statements.

Statement Of Changes In Equity

for year ended 30 June 2008

Consolidated Group
Share Capital

	Share Capital Ordinary $	Accumulated Losses $	Foreign Currency Exchange Translation Reserve $	Options Reserve $	Total $
Balance at 1 July 2006	6,439,023	(1,908,968)	21,811	0	4,551,866
Shares issued during the year	146,849				146,849
Less: Transaction costs	(24,375)				(24,375)
Adjustments from translation of foreign controlled entity			36,662		36,662
Recognition of share option expense				72,964	72,964
Loss attributable to members of parent company		(1,151,344)			(1,151,344)
Balance at 30 June 2007	6,561,497	(3,060,312)	58,473	72,964	3,632,622
Shares issued during the year	**7,326,185**				**7,326,185**
Less: Transaction Costs	**(449,620)**				**(449,620)**
Adjustments from translation of foreign controlled entity			**183,700**		**183,700**
Recognition of share option expense				**117,929**	**117,929**
Loss attributable to members of parent company		**(3,196,027)**			**(3,196,027)**
Balance at 30 June 2008	**13,438,062**	**(6,256,339)**	**242,173**	**190,893**	**7,614,789**

Parent Entity
Share Capital

	Share Capital Ordinary $	Accumulated Losses $	Foreign Currency Exchange Translation Reserve $	Options Reserve $	Total $
Balance at 1 July 2006	6,439,023	(1,449,150)	0	0	4,989,873
Shares issued during the year	146,849				146,849
Less: Transaction costs	(24,375)				(24,375)
Recognition of share option expense				72,964	72,964
Loss attributable to members of parent company		(835,507)			(835,507)
Balance at 30 June 2007	6,561,497	(2,284,657)	0	72,964	4,349,804
Shares issued during the year	**7,326,185**				**7,326,185**
Less: Transaction Costs	**(449,620)**				**(449,620)**
Recognition of share option expense				**117,929**	**117,929**
Loss attributable to members of parent company		**(3,670,948)**			**(3,670,948)**
Balance at 30 June 2008	**13,438,062**	**(5,955,605)**	**0**	**190,893**	**7,673,350**

The accompanying notes form part of these financial statements.

Cash Flow Statement

for year ended 30 June 2008

	Note	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts of other revenue		**277,456**	20,948	**262,977**	20,948
Payments to suppliers and employees		**(2,278,405)**	(1,460,748)	**(2,235,114)**	(1,109,830)
Interest received		**147,976**	129,267	**147,967**	129,262
Net cash provided by (used in) operating activities	22(a)	**(1,852,973)**	(1,310,533)	**(1,824,170)**	(959,620)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		**(56,390)**	(45,450)	**(56,634)**	(41,000)
Purchase of software		**(6,749)**	(5,778)	**(6,749)**	(5,778)
Payments for mining tenements		**(358,343)**	(142,695)	**(210,635)**	(118,330)
Payments for exploration expenditure		**(343,760)**	(617,815)	**(399,718)**	(1,105,358)
Net cash provided by (used in) investing activities		**(765,242)**	(811,738)	**(673,736)**	(1,270,466)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		**7,326,185**	–	**7,326,185**	–
Payments for capital raising cost		**(384,777)**	–	**(384,777)**	–
Net cash provided by (used in) financing activities		**6,941,408**	–	**6,941,408**	–
Net increase in cash held		**4,323,193**	(2,122,271)	**4,443,502**	(2,230,086)
Cash at beginning of financial year		**887,423**	3,009,693	**761,316**	2,991,402
Cash at end of financial year	8	**5,210,616**	887,422	**5,204,818**	761,316

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for year ended 30 June 2008

Note 1: Statement of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of Rey Resources Limited and Controlled Entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Rey Resources Limited as an individual parent entity ('Parent Entity').

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern Basis

The financial report has been prepared on a going concern basis notwithstanding the consolidated loss reported for the year amounting to $3,196,027. The Directors are of the opinion that the Consolidated Entity will be able to access sufficient funds to continue to operate as a going concern for a period not less than twelve months from the date of this financial report.

The Company, being a mineral explorer and without a current significant revenue stream, will be required to raise additional equity and/or debt to finance its future activities. No assurance is give that the Company will be able to raise future funding on acceptable terms or in a timely manner. In this event, the Company may not be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. Directors continue to manage the Company's activities with due respect to and understanding of the Company's current and future funding requirements.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity over which Rey Resources Limited has the power to govern the financial and operating policies of so as to obtain benefits from its activities. In accessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of Controlled Entities is contained in Note 11 to the financial statements. All Controlled Entities have a June financial year-end.

As at reporting date, the assets and liabilities of all Controlled Entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where Controlled Entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-company balances and transactions between entities in the Consolidated Group/Economic Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencyies with those adoptedpolicies applied by the Parent Entity.

b. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Group/Economic Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c. Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

d. Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Consolidated Group/Economic Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20 – 40 %
Furniture & Fittings	10 – 30 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to the Financial Statements

for year ended 30 June 2008

e. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are 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.

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.

When production commences, 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.

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.

Costs of the site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plants, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been 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 is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

f. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Consolidated Group/Economic Entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

g. Financial Instruments

Recognition and initial measurement

Financial instruments are initially measured at fair value, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the financial assets at fair value through profit and loss, loans and receivables and held to maturity investments.

Available-for-sale financial assets are brought to the account at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing model.

Impairment

At each reporting date, the Group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

h. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i. Intangible Assets

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of indentifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gain and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Computer Software

The cost of computer software is stated at cost less accumulated amortisation and impairment losses.

j. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity , otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

— assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

— income and expenses are translated at average exchange rates for the period; and

— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

Notes to the Financial Statements

for year ended 30 June 2008

k. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance 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.

Equity-settled compensation

The Company operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount is expensed by reference to the fair value of those shares or options at the date the shares or options are granted over the vesting period.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of *three* months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

m. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

n. 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 cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report 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.

Key Estimates — Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Note 2: Revenue

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Operating activities				
— interest received	**147,976**	129,267	**147,967**	129,262
— other revenue	**277,456**	20,948	**262,977**	20,947
Total Revenue	**425,432**	150,215	**410,944**	150,209

Note 3: Loss for the Year

	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
a. Expenses				
Depreciation of non-current assets	**(11,217)**	(8,830)	**(9,100)**	(6,916)
Foreign exchange loss	**(270,936)**	(162,354)	**(278,702)**	(185,880)
Rental expense on operating leases	**(62,160)**	(54,159)	**(51,830)**	(43,825)
Mining tenements expenditure	**(257,403)**	(142,656)	**(113,834)**	(49,192)
Exploration cost expensed	**(1,323,974)**	–	**–**	–
Impairment loss	**–**	–	**(2,273,630)**	–

Note 4: Income Tax Expense

	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
a. The components of income tax expense (benefit) comprise:				
- current tax	–	–	–	–
- deferred tax	**(705,869)**	(285,358)	**(1,080,905)**	(228,022)
- deferred tax asset no recognised (losses)	**588,535**	313,003	**277,683**	263,766
- deferred tax assest not recognised (temporary)	**117,334**	(27,645)	**803,222**	(35,744)
	0	0	**0**	0
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2007: 30%)	**(958,808)**	(345,403)	**(1,101,284)**	(250,652)
Add:				
Tax effect of:				
- other non-allowable items	**–**	741	**–**	741
- Share based payment	**20,379**	21,889	**20,379**	21,889
Less:				
Tax effect of:				
- Overseas income subject to tax at different rates	**232,560**	37,415	**–**	**–**
- Deferred tax assets not recognised (losses)	**588,535**	313,003	**277,683**	263,766
- Deferred tax asset not recognised (temporary)	**117,334**	(27,645)	**803,222**	(35,744)
Income tax expense/(benefit)	**0**	0	**0**	0

Notes to the Financial Statements

for year ended 30 June 2008

Note 5: Key Management Personnel Compensation

a. Name and position held of Economic and Parent Entity key management personnel in office at any time during or since the end of the financial year are:

i) Chairman – Non-Executive
Julian Ludowici

ii) Executive Directors
Kevin Wilson – Managing Director
Bruce Preston – Technical Director

iii) Non-Executive Directors
Alan Humphris
Arun Jagatramka
James McClements

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

b. Shareholdings

The number of shares in the Company held during the financial year by each key management personnel of Rey Resources Limited, including their personally related parties, are set out below.

2008	Balance as at 1 July 2007	Received as Compensation	Net Change	Balance as at 30 June 2008
Julian Ludowici – Direct	1,510,000	–	(480,000)	**1,030,000**
Julian Ludowici – Indirect	4,735,828	–	4,277,925	**9,013,753**
Kevin Wilson – Indirect	–	–	1,753,847	**1,753,847**
Bruce Preston – Direct	261,875	–	(10,000)	**251,875**
Bruce Preston – Indirect	3,836,500	–	1,150,000	**4,986,500**
Alan Humphris – Direct	75,000	–	–	**75,000**
Alan Humpris – Indirect	2,396,500	–	634,545	**3,031,045**
Arun Jagatramka – Indirect	14,000,000	–	6,461,539	**20,461,539**
James McClements – Indirect	–	–	9,074,956	**9,074,956**
Total	26,815,703	–	22,862,812	**49,678,515**

c. Option holdings

Number of options held by Key Management personnel

2008	Balance as at 1 July 2007	Granted as Compensation	Options Exercised	Options Cancelled	Net Change
Julian Ludowici – Direct	3,000,000	–	–	(2,000,000)	(762,307)
Julian Ludowici – Indirect	4,000,000	–	–	(4,000,000)	2,021,271
Kevin Wilson – Indirect	–	–	–	–	4,276,924
Bruce Preston – Indirect	7,025,000	–	–	(6,025,000)	425,000
Alan Humphris – Direct	500,000	–	–	–	–
Alan Humpris – Indirect	500,000	–	–	(500,000)	227,273
Arun Jagatramka – Direct	500,000	–	–	–	–
Arun Jagatramka – Indirect	8,010,658	–	–	(8,010,658)	3,230,770
James McClements – Direct	–	–	–	–	500,000
James McClements – Indirect	–	–	–	–	1,432,888
Total	23,535,658	–	–	(20,535,658)	11,351,819

Note 5: Key Management Personnel Compensation continued

c. Option holdings (continued)

2008	Balance as at 30 June 2008	Total Vested 30 June 2008	Total Exercisable 30 June 2008	Total Unexercisable 30 June 2008
Julian Ludowici – Direct	**237,693**	–	**237,693**	–
Julian Ludowici – Indirect	**2,021,271**	–	**2,021,271**	–
Kevin Wilson – Indirect	**4,276,924**	–	**276,924**	**4,000,000**
Bruce Preston – Indirect	**1,425,000**	–	**1,425,000**	–
Alan Humphris – Direct	**500,000**	–	**500,000**	–
Alan Humphris – Indirect	**227,273**	–	**227,273**	–
Arun Jagatramka – Direct	**500,000**	–	**500,000**	–
Arun Jagatramka – Indirect	**3,230,770**	–	**3,230,770**	–
James McClements – Direct	**500,000**	–	**500,000**	–
James McClements – Indirect	**1,432,888**	–	**1,432,888**	–-
Total	**14,351,819**	–	**10,351,819**	**4,000,000**

Arun Jagatramka is a Director and a major shareholder of Gujarat NRE Minerals Limited, which company holds 20,461,539 shares and 3,230,770 options in Rey Resources Limited.

Options are issued to Directors as part of the Company's Directors and Employees Option Plan.

Note 6: Auditor's Remuneration

	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Remuneration of the auditor of the Parent Entity for:				
— auditing or reviewing the financial report	**33,000**	20,000	**33,000**	20,000
— taxation services	**4,800**	4,750	**4,800**	4,750
— due diligence services	**–**	3,500	**–**	3,500
Remuneration of other auditor of the subsidiaries for:				
— auditing or reviewing the financial report of subsidiares	**16,090**	6,000	**–**	–

Note 7: Earnings per Share

	Consolidated Group 2008 $	Consolidated Group 2007 $
a. Reconciliation of earnings to profit or loss		
(Loss)	**(3,196,027)**	(1,151,344)
Earnings used to calculate basic and diluted EPS	**(3,196,027)**	(1,151,344)
	No.	**No.**
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**97,249,000**	72,695,718
Weighted average number of options outstanding	**11,646,633**	44,823,554
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**108,895,633**	117,519,272
c. Basic earnings per share (cents per share)	**(3.29)**	(1.58)
Diluted earnings per share (cents per share)	**(2.93)**	(0.98)

Notes to the Financial Statements

for year ended 30 June 2008

Note 8: Cash and Cash Equivalents

	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cash at bank and in hand	**5,210,616**	887,422	**5,204,818**	761,316
Total Cash and Cash Equivalents	**5,210,616**	887,422	**5,204,818**	761,316

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	**5,210,616**	887,422	**5,204,818**	761,316
	5,210,616	887,422	**5,204,818**	761,316

Note 9: Trade and Other Receivables

	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
CURRENT				
Other receivables	**238,862**	212,114	**39,309**	80,747
Amounts receivable from:				
Wholly-owned subsidiaries	**–**	–	**3,462,980**	2,769,474
Less impairment loss	**–**	–	**(2,273,630)**	–
Total Trade and Other Receivables	**238,862**	212,114	**1,228,659**	2,850,221

Impairment loss

At 30 June 2008, the Directors assessed the recoverability of receivables in Controlled Entities. The South American Controlled Entities are not expected to generate economic benefits in the foreseeable future and as result the full carrying value of these receivables has been impaired in the Parent's financial statements.

Note 10: Other Financial Assets

	Note	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Available-for-sale financial assets	10a	**19,557**	18,719	**689,824**	688,984
Less non current portion		**–**	–	**670,267**	670,265
Current portion		**19,557**	18,719	**19,557**	18,719

a. Available-for-sale Financial Assets Comprise

	Note	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Unlisted investments, at cost					
– Shares in Controlled Entities		**–**	–	**670,267**	670,265
– units in unit trusts	10b	**19,557**	18,719	**19,557**	18,719
Total available-for-sale financial assets		**19,557**	18,719	**689,824**	688,984

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

b. Units in Unit Trusts

Certain Controlled Entities hold interests in the following unit trusts:

BT Financial Group

The trust's principal activities are the cash management and distribute into unit holders in Australia

	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Investment at cost	**19,557**	18,719	**19,557**	18,719
	19,557	18,719	**19,557**	18,719

Note 11: Controlled Entities

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)* 2008	Percentage Owned (%)* 2007
Parent Entity:			
Rey Resources Limited	Australia	**100%**	100%
Subsidiaries of Rey Resources Limited:			
Blackfin Pty. Limited	Australia	**100%**	100%
Rey Kimberley Pty Limited	Australia	**100%**	100%
Rey Investments Chile Limitada	Chile	**100%**	100%
Rey Resourcces Peru S.A.	Peru	**100%**	100%

** Percentage of voting power is in proportion to ownership*

Notes to the Financial Statements

for year ended 30 June 2008

Note 12: Plant and Equipment

	Note	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Furniture and Equipment					
At cost		**32,403**	31,803	**32,403**	31,803
Accumulated depreciation		**(3,210)**	(1,412)	**(3,210)**	(1,412)
		29,193	30,391	**29,193**	30,391
Plant and equipment:					
At cost		**85,018**	29,229	**76,740**	20,705
Accumulated depreciation		**(18,140)**	(9,457)	**(13,761)**	(6,907)
		66,878	19,772	**62,979**	13,798
Total Plant and Equipment		**96,071**	50,163	**92,172**	44,189

Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year

	Furniture and equipment $	Plant and equipment $	Total $
Consolidated Group:			
Balance at 1 July 2006	5,305	11,382	16,687
Additions	29,456	16,108	45,564
Disposals	(3,133)	(1,474)	(4,607)
Depreciation expense	(1,237)	(6,244)	(7,481)
Balance at 30 June 2007	30,391	19,772	50,163
Additions	600	56,075	56,675
Disposals	–	–	–
Depreciation expense	(1,798)	(8,969)	(10,767)
Balance at 30 June 2008	**29,193**	**66,878**	**96,071**
Parent Entity:			
Balance at 1July 2006	5,305	8,059	13,364
Additions	29,456	11,543	40,999
Disposal	(3,133)	(1,474)	(4,607)
Depreciation expense	(1,237)	(4,330)	(5,567)
Balance at 30 June 2007	30,391	13,798	44,189
Additions	600	56,034	56,634
Disposal	–	–	–
Depreciation expense	(1,798)	(6,853)	(8,651)
Balance at 30 June 2008	**29,193**	**62,979**	**92,172**

Note 13: Other Non-Current Assets

	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Exploration expenditure capitalised				
Opening balance	**2,587,667**	1,813,254	**127,313**	–
Net current year expenditure	**1,609,133**	774,413	**1,121,994**-	127,313
Write off in current year	**(1,323,974)**	–	**–**	–
Total Other Non-Current Assets	**2,872,826**	2,587,667	**1,249,307**	127,313

The ultimate recoupment of balances carried forward in relation to areas of interest still in the Exploration or Evaluation phase is dependent on successful development and commercial exploitation, or alternatively sale of the respective areas.

Note 14: Intangible Assets

	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Computer Software – at cost	**13,715**	6,965	**13,715**	6,965
Accumulated amortisation	**(3,568)**	(1,646)	**(3,568)**	(1,646)
Total Intangible Assets	**10,147**	5,319	**10,147**	5,319

Consolidated Group

	Computer Software $
Year ended 30 June 2007	
Balance at the beginning of year	890
Additions	5,778
Disposals	–
Depreciation expense	(1,349)
Impairment losses	–
As at 30 June 2007	5,319
Year ended 30 June 2008	
Balance at the beginning of year	**5,319**
Additions	**6,750**
Disposals	**–**
Depreciation expense	**(1,922)**
Impairment losses	**–**
As at 30 June 2008	**10,147**

Notes to the Financial Statements

for year ended 30 June 2008

Parent Entity

	Computer Software $
Year ended 30 June 2007	
Balance at the beginning of year	890
Additions	5,778
Disposals	–
Depreciation expense	(1,349)
Impairment losses	–
As at 30 June 2007	5,319
Year ended 30 June 2008	
Balance at the beginning of year	**5,319**
Additions	**6,750**
Disposals	**–**
Depreciation expense	**(1,922)**
Impairment losses	**–**
As at 30 June 2008	**10,147**

Note 15: Trade and Other Payables

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
CURRENT				
Unsecured liabilities				
Trade payables	**83,566**	6,704	**55,487**	5,460
Sundry payables and accrued expenses	**749,724**	122,078	**746,090**	122,078
Total Trade and Other Payables	**833,290**	128,782	**801,577**	127,538

Note 16: Tax

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note (1) occur.

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
– Tax losses:	**1,281,543**	693,008	**970,691**	693,008
– Temporary differences	**(238,868)**	(356,202)	**768,220**	(35,003)
Total Tax	**1,042,675**	336,806	**1,738,911**	658,005

Note 17: Issued Capital

	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
137,032,748 (2007: 73,178,748) fully paid ordinary shares	**13,438,062**	6,561,497	**13,438,062**	6,561,497
	13,438,062	6,561,497	**13,438,062**	6,561,497

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	Consolidated Group 2008 No.	Consolidated Group 2007 No.	Parent Entity 2008 No.	Parent Entity 2007 No.
a. Ordinary shares				
At the beginning of reporting period	**73,178,748**	72,344,499	**73,178,748**	72,344,499
Shares issued during the year				
– 29 November 2006	**–**	584,249	**–**	584,249
– 15 June 2007	**–**	250,000	**–**	250,000
– 31 August 2007	**8,750,000**	–	**8,750,000**	–
– 20 November 2007	**1,750,000**	–	**1,750,000**	–
– 3 January 2008	**80,500**	–	**80,500**	–
– 21 January 2008	**10,000,000**	–	**10,000,000**	–
– 27 March 2008	**43,273,500**	–	**43,273,500**	–
At reporting date	**137,032,748**	73,178,748	**137,032,748**	73,178,748

Ordinary shares participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the numbers of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Options

For information relating to the Rey Resources Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 27 Share-based Payment.

For information relating to share options issued to key management personnel during the financial year, refer to Note 27 Share-based Payment.

c. Capital Management

Management controls the capital of the Consolidated Entity in order to ensure that the Consolidated Entity can fund its operations and continue as a going concern.

Its capital includes ordinary share capital; traded options; and financial liabilities, supported by financial assets.

The Consolidated Entity has no external debt and there are no externally imposed capital requirements.

Management effectively manages the Consolidated Entity's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include shares issues. There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since prior year.

Notes to the Financial Statements

for year ended 30 June 2008

Note 18: Reserves

a. Foreign Currency Translation Reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

b. Option Reserve
The option reserve records items recognised as expenses on valuation of employee share options.

Note 19: Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Not later than one year	**60,148**	45,310	**60,148**	45,310
Later than one year but not later than five years	**65,167**	97,530	**65,167**	97,530
Minimum lease payment	**125,315**	142,840	**125,315**	142,840

Note 20: Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets at the end of the financial year.

Note 21: Segment Reporting

Primary Reporting

	Australia 2008	Australia 2007	South America 2008	South America 2007	Eliminations 2008	Eliminations 2007	Consolidated Group 2008	Consolidated Group 2007
Geographical Segments								
Revenue								
Other Income	**410,953**	150,215	**14,479**	–	**–**	–	**425,432**	150,215
Total Revenue	**410,953**	150,215	**14,479**	–	**–**	–	**425,432**	150,215
Segment Result	**(1,407,100)**	(863,538)	**(1,788,927)**	(287,806)	**–**	–	**(3,196,027)**	(1,151,344)
Loss from ordinary activities after income tax expenses	**(1,407,100)**	(863,538)	**(1,788,927)**	(287,806)	**–**	–	**(3,196,027)**	(1,151,344)

The Economic Entity's business segments are within one business segment, being mining. Each operate in the business of mineral exploration.

	Australia 2008	Australia 2007	South America 2008	South America 2007	Eliminations 2008	Eliminations 2007	Consolidated Group 2008	Consolidated Group 2007
Assets								
Segment assets	**9,427,715**	5,315,663	**182,316**	1,187,817	**(1,161,952)**	(2,742,076)	**8,448,079**	3,761,404
Total Assets							**8,448,079**	3,761,404
Liabilities								
Segment liabilities	**1,997,125**	1,198,837	**2,299,145**	1,699,419	**(3,462,980)**	(2,769,474)	**833,290**	128,782
Total Liabilities							**833,290**	128,782
Other								
Acquisitions of non-current segment assets	**63,383**	46,777	**41**	4,565	**–**	–	**63,424**	51,342
Depreciation and amortisation of segment assets	**9,486**	7,301	**1,731**	1,529	**–**	–	**11,217**	8,830

Secondary reporting – Business segments

Accounting Policies: Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivable, inventories, intangibles and plant and equipment, net allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable and accrued expenses. Segment assets and liabilities do not include deferred income taxes.

Note 22: Cash Flow Information

Reconciliation of Cash Flow from Operations with Loss after Income Tax

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Loss after income tax	**(3,196,027)**	(1,151,344)	**(3,670,948)**	(835,507)
Non-cash flows in loss				
Depreciation	**11,217**	8,830	**9,101**	6,916
Net loss on disposal property, plant and equipment	**–**	4,607	**–**	4,607
Provision for employees entitlements	**8,517**	3,500	**4,882**	3,500
Impairment loss	**–**	–	**2,273,631**	–
Write off capitalised expenditure	**927,751**	–	**–**	–
Share options expensed	**67,929**	72,964	**67,929**	72,964
Foreign exchange	**271,222**	(162,468)	**278,701**	(185,880)
Net cash expended on Operating activities before changes in assets and liabilities	**(1,909,391)**	(1,223,911)	**(1,036,704)**	(933,400)
Increase/(decrease) in other debtors	**(298,259)**	16,250	**(931,609)**	111,737
(Increase)/decrease in trade and other creditors	**354,677**	(102,872)	**144,143**	(137,957)
Cash flow from operations	**(1,852,973)**	(1,310,533)	**(1,824,170)**	(959,620)

Note 23: Events After The Balance Sheet Date

Drilling commenced at the Liveringa Coal project in July 2008.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material an unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Note 24: Related Party Transactions

	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Mr. Julian Ludowici				
Paid in cash	**109,000**	158,033	**109,000**	158,033
Paid as securities	**–**	37,500	**–**	37,500
Share based payments	**4,972**	20,697	**4,972**	20,697
Mr. Kevin Wilson				
Paid in cash	**199,833**	–	**199,833**	–
Share based payment	**45,158**	–	**45,158**	–
Accrued bonus	**150,000**	–	**150,000**	–
Mr . Bruce Preston				
Paid in cash	**163,500**	216,750	**163,500**	216,750
Paid as securities	**–**	54,375	**–**	54,375
Share based payment	**4,972**	20,697	**4,972**	20,697
Mr . Alan Humphris				
Paid in cash	**30,350**	41,803	**30,350**	41,803
Paid as securities	**–**	5,000	**–**	5,000
Share based payment	**3,516**	4,944	**3,516**	4,944
Mr . Arun Jagatramka				
Paid in cash	**27,250**	–	**27,250**	–
Accrued 2006 and 2007 fees	**–**	29,217	**–**	29,217
Share based payment	**2,688**	1,494	**2,688**	1,494
Mr . Jose Agustin Bahamondes				
Paid in cash	**80,198**	106,552	**–**	14,974
Paid as securities	**–**	14,974	**–**	14,974
Share based payment	**4,972**	20,697	**4,972**	20,697
Mr . Peter Gower (a former Director)				
Paid in cash	**–**	17,182	**–**	17,182
Accrued 2006 and 2007 fees	**–**	1,967	**–**	1,967
Mr . Tim Cooper (a former Director)				
Paid in cash	**–**	5,000	**–**	5,000
Paid as securities	**–**	5,000	**–**	5,000

The above transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Notes to the Financial Statements

for year ended 30 June 2008

Note 25: Financial Risk Management

a. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to subsidiaries.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

i. Treasury Risk Management

The Board is responsible for managing the Consolidated Entity's currency and interest rate exposure and for evaluating treasury management strategies in the context of the most recent economic conditions and forecasts.

No hedging instruments were entered into during, or since the end of the financial year.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

a. Interest rate risk– Interest rate risk is managed with a mixture of fixed and floating rate deposits. At 30 June 2008 the Group has no debt.

b. Foreign currency risk – As a result of exploration activities in Chile, the Group's balance sheet can be affected by movements in the US$/ Pesos / AUD exchange rates.

c. Liquidity risk – The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate uncommitted funding is available and maintained.

d. Credit risk – The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

b. Financial Instruments

i. Financial instrument composition and maturity analysis

The Group's financial instruments exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

Consolidated Group	Weighted Average Interest Rate	Floating Interest rate $	1 year or less $	1 to 5 years $	More than 5 years $	Non-interest bearings $	TOTAL $
2008							
Financial Assets							
Cash and cash equivalent	**6.51%**	**5,210,616**	**–**	**–**	**–**	**–**	**5,210,616**
Trade and other receivables		**–**	**–**	**–**	**–**	**238,862**	**238,862**
Financial assets	**6.51%**	**19,557**	**–**	**–**	**–**	**–**	**19,557**
		5,230,173	**–**	**–**	**–**	**238,862**	**5,469,035**
Financial liabilities							
Trade and other payables		**–**	**–**	**–**	**–**	**833,290**	**833,290**
		–	**–**	**–**	**–**	**833,290**	**833,290**
2007							
Financial Assets							
Cash and cash equivalent	6.17%	887,422	–	–	–	–	887,422
Trade and other receivables		–	–	–	–	212,114	212,114
Financial assets	6.17%	18,719	–	–	–	–	18,719
		906,141	–	–	–	212,114	1,118,255
Financial liabilities							
Trade and other payables		–	–	–	–	128,782	128,782
		–	–	–	–	128,782	128,782

b. Financial Instruments (continued)

Parent Entity

2008	Weighted Average Interest Rate	Floating Interest rate $	1 year or less $	1 to 5 years $	More than 5 years $	Non-interest bearings $	TOTAL $
Financial Assets							
Cash and cash equivalent	**6.51%**	**5,204,818**	**–**	**–**	**–**	**–**	**5,204,818**
Trade and other receivables		**–**	**–**	**–**	**–**	**1,228,659**	**1,228,659**
Financial assets	**6.51%**	**19,557**	**–**	**–**	**–**	**–**	**19,557**
		5,224,375	**–**	**–**	**–**	**1,228,659**	**6,453,034**
Financial liabilities							
Trade and other payables		**–**	**–**	**–**	**–**	**801,577**	**801,577**
		–	**–**	**–**	**–**	**801,577**	**801,577**
2007							
Financial Assets							
Cash and cash equivalent	6.17%	761,316	–	–	–	–	761,316
Trade and other receivables		–	–	–	–	2,850,221	2,850,221
Financial assets	6.17%	18,719	–	–	–	–	18,719
		780,035	–	–	–	2,850,221	3,630,256
Financial liabilities							
Trade & other payables		–	–	–	–	127,538	127,538
		–	–	–	–	127,538	127,538

ii. Net Fair value of financial assets and liabilities

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date approximate their carrying amounts.

iii. Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the value of the Australian Dollar to other foreign currency, with all other variables remaining constant is as follow:

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Change in Profit				
Improvement in AUD to US$ by 2%	**(35,077)**	(6,214)	**–**	–
Decline in AUD to US$ by 2%	**36,509**	6,225	**–**	–
Change in Equity				
Improvement in AUD to US$ by 2%	**3,075**	(10,032)	**–**	–
Decline in AUD to US$ by 2%	**(3,199)**	10,441	**–**	–

Note 26: Interest In Joint Venture

A final Participation and Joint Venture operating Agreements in respect of two Exploration Permit Applications, EP10/04-5 and EP11/04-5, were finalised on August 2007 with Gujarat NRE Mineral Resources Limited ("Gujarat") and Gujarat NRE Oil Pty Limited.

The Exploration Permits were granted as EP 457 and 458 and registered the joint venture in January 2008. Gujarat paid $275,000 to Rey Resources Limited and must spend $4.85 million over 5 years to earn a 90% interest in the two Exploration Permits. Rey Resources Limited will retain a 10% free carried interest in the permits until the grant of a petroleum production licence, after which the parties will contribute according to their interest.

Notes to the Financial Statements

for year ended 30 June 2008

Note 27: Share-Based Payment

On 9 August 2007, 4,000,000 options were granted to executive Director Mr. Kevin Wilson under the Company's Employee Share Option Plan at an exercise price of $0.10 (1 million options), $0.15 (1 million options), $0.20 (1 million options) and $0.30 (1 million options). The options are exercisable on or before 9 August 2010, 9 August 2011, 9 August 2012 and 9 August 2013 respectively. On 24 June 2008 these options were cancelled.

On 20 November 2007, 500,000 options were granted to non –executive Director Mr. James McClement under the Company's Employee Share Option Plan at an exercise price of $0.20 each. The options are exercisable on or before 31 December 2009.

On 27 March 2008, 3,000,000 options were issued to the value of $50,000 in settlement for part of underwriting services rendered by an unrelated party at an exercise price of $0.30 each. The options are exercisable on or before 31 March 2010.

On 24 June 2008, 4,000,000 options were granted to executive Director Mr. Kevin Wilson under the Company's Employee Share Option Plan at an exercise price of $0.10 (1 million options), $0.15 (1 million options), $0.20 (1 million options) and $0.30 (1 million options). The options are exercisable on or before 9 August 2010, 9 August 2011, 9 August 2012 and 9 August 2013 respectively.

On 24 June 2008, 150,000 options were granted to a Company employee under the Company's Employee Share Option Plan at an exercise price of $0.30 (50,000 options), $0.45 (50,000 options) and $0.60 (50,000 options). The options are exercisable on or before 9 August 2010, 9 August 2011 and 9 August 2012 respectively.

All options granted to key management personnel and consultants are over ordinary shares in Rey Resources Limited, which confer a right of one ordinary share for every share option held.

Consolidated Group

	2008		2007	
	Number of Options	Weighted Average Exercise Price ($)	Number of Options	Weighted Average Exercise Price ($)
Outstanding at the beginning of the year	**11,550,000**	**0.20**	10,000,000	0.20
Granted	**11,650,000**	**0.22**	1,550,000	0.20
Cancelled	**4,000,000**	**0.19**	–	–
Exercised	**–**	**–**	–	–
Expired	**10,550,000**	**0.20**	–	–
Outstanding at year-end	**8,650,000**	**0.23**	11,550,000	0.20
Exercisable at year-end	**8,650,000**	**0.23**	11,550,000	0.20

Parent Entity

	2008		2007	
	Number of Options	Weighted Average Exercise Price ($)	Number of Options	Weighted Average Exercise Price ($)
Outstanding at the beginning of the year	**11,550,000**	**0.20**	10,000,000	0.20
Granted	**11,650,000**	**0.22**	1,500,000	0.20
Cancelled	**4,000,000**	**0.19**	–	–
Exercised	**–**	**–**	–	–
Expired	**10,550,000**	**0.20**	–	–
Outstanding at year-end	**8,650,000**	**0.23**	11,550,000	0.20
Exercisable at year-end	**8,650,000**	**0.23**	11,550,000	0.20

The weighted average fair value of the options granted during the year was $0.0966 per option. This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

Weighted average exercise option	$0.23
Weighted average life of option	3.11 years
Underlying share price	$0.335
Expected share price volatility	10%
Risk free interest rate	5.16%

Note 28: Adoption and Revised Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Parent and Consolidated Group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of amendment	Application Date of Standard	Application Date for Group
AASB 2007–03 Amendments to Australian Accounting Standards	AASB 5 Non-current Assets Held for Sale and Discontinued Operations. AASB 6 Exploration for and Evaluation of Mineral AASB 102: Inventories AASB 107 Cash Flow Statements AASB 119 Employee Benefits AASB 127 Consolidated and Separate Financial Statements AASB 134 Interim Financial Reporting AASB 136 Impairment of Assets AASB 1023 General Insurance Contracts AASB 1038 Life Insurance Contracts	The disclosure requirement of AASB 114 Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report.	1 January 2009	1 July 2009
AASB 8: Operating Segments	AASB 114 Segment Reporting	As above	1 January 2009	1 July 2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1 First time adoption of AIFRS AASB 101 Presentation of Financial Statements AASB 107 Cash Flow Statements AASB 111 Construction Contracts AASB 116 Property, Plant and Equipment AASB 138 Intangible Assets	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1 January 2009	1 July 2009
AASB 123 Borrowing Costs	AASB 123 Borrowing Costs	As above	1 January 2009	1 July 2009
AASB 2007–8 Amendments to Australian Accounting Standards	AASB 101 Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1 January 2009	1 July 2009
AASB 101	AASB 101 Presentation of Financial Statements	As above	1 January 2009	1 July 2009

Notes to the Financial Statements

for year ended 30 June 2008

Note 29: Company Details

The registered office of the Company and principal place of business of the Company is:

Rey Resources Limited
Suite 802, Level 8, 50 Clarence Street
Sydney NSW 2000

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 18 to 44, are in accordance with the Corporations Act 2001 and:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and Consolidated Group;
2. the Managing Director and Accountant have each declared that:
   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view;
3. in the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Mr. Julian Kinnear Ludowici
Chairman

Dated: 25 September 2008

Independent Audit Report

to the Members of Rey Resources Limited – Listed public company

Hall Chadwick
Chartered Accountants & Business Advisers

Report on the Financial Report

We have audited the accompanying financial report of Rey Resources Limited (the Company) and Rey Resources Limited and Controlled Entities (the Consolidated Entity), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' declaration of the Consolidated Entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Rey Resources Limited on 25 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

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Partners
Robert Elliott
Drew Townsend
David Kenney
Richard Albarran
Gino Malacco
Paul Leroy
Steven Gladman
Brent Kijurina
Blair Pleash

Associates
Graham Webb
Lyle Vallance
Bill Petrovski
David Ross

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Hall Chadwick
Chartered Accountants & Business Advisers

Auditor's Opinion

In our opinion:

a. the financial report of Rey Resources Limited and Rey Resources Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to the income statement in the financial report, which indicates that the company incurred a net loss of $3,196,027 during the year ended 30 June 2008. This condition along with other matters as set forth in Note 1, indicates the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in page 11 and page 12 of the Directors' report for the year ended 30 June 2008. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Rey Resources Limited for the year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.

Hall Chadwick
Chartered Accountants
Level 29, 31 Market Street
Sydney NSW 2000

Robert Elliott
Date: 25 September 2008

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ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report as follows. The information is current as at 12 September 2008.

a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share were:

	Ordinary Shares Number of Holders	Ordinary Shares Number of Shares
1 – 1,000	245	89,760
1,001 – 5,000	362	1,108,246
5,001 – 10,000	257	2,109,022
10,001 – 100,000	492	18,405,716
100,001 and over	127	115,320,004
Total	**1,483**	**137,032,748**
The number of shares holding less than a marketable parcel of shares are:	371	314,903

b) Twenty largest shareholders

The names of the twenty largest holders of shares are:

	Ordinary Shares Number of Shares	Ordinary Shares Percentage of Ordinary
1. Gujarat NRE Minerals Limited	20,461,539	14.93
2. National Nominees Limited	15,993,680	11.67
3. Boongol Pty Ltd <McClements Family Trust>	9,074,956	6.62
4. JBBM Pty Ltd <Julian Ludowici S/F A/C>	6,709,578	4.90
5. Jose Agustin Bahamondes	5,020,000	3.66
6. Bruce Clement Preston <Super Fund A/C>	4,936,500	3.60
7. Alan Humphris + Elizabeth Ann Humphris <Alan J Humphris PSF A/C>	2,721,045	1.99
8. Claudia Bahamondes	2,500,000	1.82
9. John Paul Bahamondes	2,500,000	1.82
10. Citicorp Nominess Pty Limited	2,483,375	1.81
11. Clodene Pty Ltd	2,184,375	1.59
12. Unaval Nominees Pty Ltd <Unaval Reitrement Fund A/C>	2,172,270	1.59
13. Kevin Wilson <Lincoln Superfund No1 A/C>	1,753,847	1.28
14. Ronald Hugh Beevor + Fiona Mary Beevor <Digger Super Fund A/C>	1,293,457	0.94
15. JBBM Pty Ltd	1,120,328	0.82
16. Innovatif Development Pty Ltd	1,092,308	0.80
17. Julian Kinnear Ludowici	1,030,000	0.75
18. Vanmar Holdings Pty Ltd <Vanderspuy Unit Account	880,000	0.64
19. Peter Pasqualino Blanco	861,750	0.63
20. Bettina Margarete Ludowici	850,000	0.62
	85,639,008	**62.50**

c). Twenty largest options holders

The names of the twenty largest holders of options are:

	Number of Options	Options Percentage of total Options
1. National Nominees Limited	6,673,076	17.90
2. Kevin John Wilson<Lincon Superfund No1 A/C>	4,276,924	11.47
3. Gujarat NRE Minerals Limited	3,230,770	8.66
4. Clodene Pty Ltd	2,394,327	6.42
5. Veritas Securities Limited	2,378,308	6.38
6. JBBM Pty Ltd <Julian Ludowici S/F A/C>	1,984,347	5.32
7. Boongol Pty Ltd <McClements Family Trust>	1,932,888	5.18
8. Bruce Clement Preston <Super Fund A/C>	1,425,000	3.82
9. Peter Pasqualino Blanco	600,000	1.61
10. Alan John Humphris	500,000	1.34
11. Arun Jagatramka	500,000	1.34
12. Delfam Pty Limited	492,000	1.32
13. Innovatif Developments Pty Ltd	446,154	1.20
14. Trenchstones Pty Ltd	430,000	1.15
15. Valser Holdings Pty Ltd	350,000	0.94
16. Bluestar Management Pty Ltd	332,607	0.89
17. Mad Fish Management Pty Ltd	302,850	0.81
18. Peter Pasqualino Blanco + Steven Blanco <P Blanco Super Fund A/C>	300,000	0.80
19. Hylerod Pty Ltd	255,770	0.69
20. Ronald Hugh Beevor + Fiona Mary Beevor <Digger Super Fund A/C>	253,999	0.68
	29,059,020	**77.93**

d) Substantial share holding pursuant to Section 671.B of the Corporations Act notified to the Company:

Name of Substantial Shareholders	Relevant	% of Issued Capital
Gujarat NRE Minerals Limited	20,461,539	14.93
Jose Agustin Bahamondes	10,094,874	7.37
Julian Ludowici	10,043,753	7.33
James McClements	9,074,956	6.62

e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction

f) Tenement Information

Current interests and applications in tenements held by Rey Resources Limited and its subsidiaries as at 31 August 2008 are listed below:

Location /Country	Project	Holder	Tenement	Area	Percent
WA / Australia	Canning Basin	Blackfin	E04/1219	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1381	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1382	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1383	198 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1385	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1386	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1515	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1516	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1517	224 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1518	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1519	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1520	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1521	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1522	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1523	228 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1524	159 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1525	215 sq.kms	100%
WA / Australia	Canning Basin	Blackfin	E04/1529	228 sq.kms	100%
WA / Australia	Canning Basin	Rey	EP 457	4650 sq.kms	10%
WA / Australia	Canning Basin	Rey	EP 458	5325 sq.kms	10%
WA / Australia	Canning Basin	Rey Kimb	E04/1728	176 sq.kms	100% *
WA / Australia	Canning Basin	Rey Kimb	E04/1729	52 sq.kms	100% *
WA / Australia	Canning Basin	Rey Kimb	E04/1753	423 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1718	39 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1719	286 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1720	88 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1721	575 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1722	104 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1723	81 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1767	13 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1768	55 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1769	276 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1770	175 sq.kms	100% *
WA / Australia	Canning Basin	Rey Kimb	E04/1785	650 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1833	224 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1834	208 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1835	484 sq.kms	100% *
WA / Australia	Canning Basin	Blackfin	E04/1842	114 sq.kms	100% *
				17986 sq.kms	

Location /Country	Project	Holder	Tenement	Area	Percent
WA / Australia	Eradu	Blackfin	E70/2392	24 sq.kms	100% *
				24 sq.kms	

Location /Country	Project	Holder	Tenement	Area	Percent
Copiapo / Chile	Humito	Rey Chile	H1	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H2	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H3	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H4	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H5	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H6	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H7	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H8	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H9	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H10	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H11	100 ha	100%
Copiapo / Chile	Humito	Rey Chile	H12	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H13	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H14	200 ha	100%
Copiapo / Chile	Humito	Rey Chile	H15	300 ha	100%
Copiapo / Chile	Humito	Rey Chile	H16	200 ha	100%
Copiapo / Chile	Humito	Rey Chile	H17	100 ha	100%
				4500 ha	

Location /Country	Project	Holder	Tenement	Area	Percent
Copiapo / Chile	Fenix	Rey Chile	F1	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F2	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F3	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F4	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F5	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F6	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F7	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F8	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F9	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F10	300 ha	100%

Copiapo / Chile	Fenix	Rey Chile	F11	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F12	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F13	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F14	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F15	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F16	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F17	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F18	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F19	50 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F20	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F21	200 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F22	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F23	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F24	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F25	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F26	200 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F27	200 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F28	200 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F29	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F30	200 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F31	300 ha	100%
Copiapo / Chile	Fenix	Rey Chile	F32	300 ha	100%
				8850 ha	

Location /Country	**Project**	**Holder**	**Tenement**	**Area**	**Percent**
Copiapo / Chile	Timon	Rey Chile	T1	300 ha	100%
Copiapo / Chile	Timon	Rey Chile	T2	300 ha	100%
Copiapo / Chile	Timon	Rey Chile	T3	300 ha	100%
Copiapo / Chile	Timon	Rey Chile	T4	100 ha	100%
Copiapo / Chile	Timon	Rey Chile	T5	200 ha	100%
Copiapo / Chile	Timon	Rey Chile	T6	200 ha	100%
Copiapo / Chile	Timon	Rey Chile	T7	300 ha	100%
Copiapo / Chile	Timon	Rey Chile	T8	200 ha	100%
Copiapo / Chile	Timon	Rey Chile	T9	300 ha	100%
Copiapo / Chile	Timon	Rey Chile	T10	300 ha	100%
Copiapo / Chile	Timon	Rey Chile	T11	300 ha	100%
Copiapo / Chile	Timon	Rey Chile	T12	96 ha	100%
Copiapo / Chile	Timon	Rey Chile	T13	300 ha	100%
Copiapo / Chile	Timon	Rey Chile	T14	300 ha	100%
Copiapo / Chile	Timon	Rey Chile	T15	200 ha	100%
				3696 ha	

Location /Country	**Project**	**Holder**	**Tenement**	**Area**	**Percent**
Copiapo / Chile	Claudia	Rey Chile	C1	200 ha	100%
Copiapo / Chile	Claudia	Rey Chile	C2	300 ha	100%
Copiapo / Chile	Claudia	Rey Chile	C3	300 ha	100%
Copiapo / Chile	Claudia	Rey Chile	C4	300 ha	100%
Copiapo / Chile	Claudia	Rey Chile	C5	200 ha	100%
Copiapo / Chile	Claudia	Rey Chile	C6	70 ha	100%
				1370 ha	

Location /Country	**Project**	**Holder**	**Tenement**	**Area**	**Percent**
Copiapo / Chile	Julita	Rey Chile	J1	200 ha	100%
Copiapo / Chile	Julita	Rey Chile	J2	200 ha	100%
Copiapo / Chile	Julita	Rey Chile	J3	91 ha	100%
				491 ha	

Location /Country	**Project**	**Holder**	**Tenement**	**Area**	**Percent**
La Libertad / Peru	Kechua	Rey Peru	K1	400 ha	100%
La Libertad / Peru	Kechua	Rey Peru	K2	100 ha	100%
				500 ha	

Location /Country	**Project**	**Holder**	**Tenement**	**Area**	**Percent**
Cajamarca / Peru	San Francisco	Rey Peru	SF1	100 ha	100%
				100 ha	

Full names for abbreviated names of tenement holders area as follow:

- Blackfin = Blackfin Pty Limited
- Rey = Rey Resources Limited
- Rey Kimb = Rey Kimberley Pty Limited
- Rey Chile = Rey Investement Chile Limitada
- Rey Peru = Rey Resources Peru S.A.
- E = Exploration License (for minerals)
- EPA = Application for exploration Permit (for petroleum)

* Rey Resources tenement applications

Corporate Directory

Directors
Mr. Julian Kinnear Ludowici – Chairman
Mr. Kevin John Wilson – Managing Director
Dr. Bruce Clement Preston
Mr. Alan John Humphris
Mr. Arun Kumar Jagatramka
Mr. James Timothy McClements

Company Secretary
Mr. Neil Stack

Registered Office
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Sydney NSW 2000
Tel: +61 2 9262 1151
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Internet: www.reyresources.com
Email: info@reyresources.com

Solicitors
Middletons
Level 26, 52 Martin Place
Sydney NSW 2000

Auditors
Hall Chadwick
Chartered Accountants
Level 29 St Martins Tower
31 Market Street
Sydney NSW 2000

Share Registry
Registries Limited
Level 7, 207 Kent Street
Sydney, NSW 2000

PO Box 3993
Sydney, NSW 2001

Tel: 02 9290 9600
Fax: 02 9279 0664

Companies in the Economic Entity

Rey Resources Limited	ACN 108 003 890
Blackfin Pty Limited	ACN 094 938 708
Rey Kimberley Pty Limited	ACN 126 469 387
Rey Investment Chile Limitada	ID 77.937.970-1
Rey Resources Peru SA	RUC 20507005773

Stock Exchange
Australian Securities Exchange (Sydney)

ASX Codes: REY
REYOA

REY
RESOURCES
LIMITED