



**A N N U A L
REPORT 2009**

**EXCITING RESOURCE
GROWING MARKET
BIG OPPORTUNITY**





REY RESOURCES LIMITED

ACN 108 003 890

Annual Financial Reporting

as at 30 June 2009

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Chairman's Letter

The recent financial year produced many challenges and this was certainly the case for Rey Resources. I would like to take this opportunity to thank our shareholders for their solid support and our board and management for the substantial effort they contributed to Rey's continuing success, moving the company from the exploration to development planning stage. Kevin Wilson, Rey's Managing Director, and the rest of the management team has worked hard putting the Canning Basin Project together and it is rewarding to see his efforts reflected in a higher share price and new confidence in the Company.

Strong Shareholder Support

The global financial crisis impacted all companies, however smaller companies without sustainable cash flow were even more affected. These global events saw Rey's share price fall to new lows, from which it has since recovered, nevertheless the company was still able twice to raise funds and maintain momentum in its drilling and development evaluation programs. Shareholders and investors supported our need for capital, as they understood that long term demand growth in energy was only temporarily slowed by the crisis. The funds raised allowed completion of a 26,000 metre drilling program and calculation of a maiden thermal coal resource*. The most recent fundraising monies are being applied to the completion of the pre-feasibility study on the Duchess Paradise resource*.

The announcement of a resource* was a milestone for the company and demonstrates the geological potential of the Canning Basin. The location of the deposit close to Asia's areas of rapid energy demand growth, highlights the opportunity for shareholders to benefit from new resource developments in this under-explored region. While Western Australia's position in the energy market with respect to oil and gas has been well documented, this awareness does not yet extend to coal in this region. Rey's resource* and the location's advantages should help bolster appreciation of this energy source.

Opportunistic Takeover Bid Unsuccessful

A low share price and a good insight into the strong long term position of thermal coal saw Gujarat NRE Minerals Limited, a substantial shareholder of the company, made an opportunistic bid for the company. The Chairman of Gujarat NRE Minerals Limited was a Rey board member until the bid was launched. The bid has not succeeded as Rey shareholders and investors understood that it significantly undervalued the company and the vast majority did not accept the offer. The takeover offer did raise awareness of the company with a wider range of investors and stakeholders which has resulted in several new shareholders entering the share register. A broader appreciation of thermal coal's importance in satisfying Asia's energy demand should help support the company's efforts to complete the development process.

As I write this, the takeover bid has been extended twice but is priced at well below the current share price. Another party Crosby Capital (Holdings) Limited has recently announced an intention to launch a bid for the company. The board has not yet given a formal recommendation and awaits receipt of the formal offer. Shareholders however can be certain that the board and management will continue to deliver value for all shareholders as we grow Rey Resources and deliver on this exciting project in the Canning Basin.

We expect that Rey Resources will be responding to the Crosby Capital (Holdings) Limited bid in the next month and we will continue to provide you with the latest updates as they arise. This is the reason we have kept the Annual Report to shareholders brief. Contained at the back of this report is a list of announcements made to the Australian Stock Exchange since July 2008.



Julian Ludowici

Chairman

***Resource Statement**

Duchess- Paradise JORC Resources by category as at June 2009.

Seam	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
P1 (Upper)	18.3	101.9	160.5	280.8
P2 (Lower)	16.9	41.7	171.0	229.6
TOTAL	35.2	143.6	331.5	510.5

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Bruce C Preston who is a member of The Australian Institute of Geoscientists ("AIG"). Dr Preston has sufficient experience to qualify as a Competent Person for the purposes of the 2005 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Preston is the Technical Director of Rey Resources Limited and he consents to the inclusion in the report of the matters based on their information in the form and context in which they appear. Dr Preston has a beneficial interest in 6,072,025 shares or 3.3% of the issued capital of Rey Resources Limited.

The estimation of the Duchess-Paradise Coal Resources has been provided by Mr Richard Campbell, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM") and is a full time employee of Blackrock Mining Solutions Pty Ltd which was contracted to provide the JORC estimate. Mr Campbell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves" (The JORC Code). Mr Campbell has over 10 years of coal specific experience including coal exploration, resource modelling, estimation and assessment, and geotechnical assessment and modelling. Mr Campbell consents to the inclusion in the report of the matters based on their information in the form and context in which they appear.

Rey Resources Limited and Controlled Entities

DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2009.

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 54

Appointed a Director on 16 February 2004

Experience:

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 also responsible for the establishment of BeMax Resources.

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

<u>Company</u>	<u>Date Appointed</u>	<u>Date Resigned</u>
Ludowici Limited	12 September 1988	Continuing

Mr. Kevin John Wilson – Managing Director, executive

Qualifications – BSc (Hons), ARSM, MBA

Age 52

Appointed a Director on 9 August 2007

Experience:

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 First Boston and Merrill Lynch in Australia and New York.

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

<u>Company</u>	<u>Date Appointed</u>	<u>Date Resigned</u>
Leviathan Resources Limited	21 December 2004	20 December 2006

Dr. Bruce Clement Preston – Technical Director, executive

Qualifications – BSc (Hons) PhD

Age 59

Appointed a Director on 27 July 2004

Experience:

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.

Rey Resources Limited and Controlled Entities

Mr. Alan John Humphris - non-executive, independent

Qualifications – BSc BEc MA (Laws) Dist.(UK) FCPA

Age 68

Appointed a Director on 27 July 2004

Experience:

Mr. Humphris is a merchant banker with more than 25 years experience in Australia and offshore markets specializing in corporate finance and advisory services. He is Managing Director of Balmoral Capital Pty Limited, a boutique, merchant banking firm. 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: Chairman of Audit Committee.

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

<u>Company</u>	<u>Date Appointed</u>	<u>Date Resigned</u>
ASF Group Limited	5 September 2007	Continuing

Sri Arun Jagatramka - non-executive

Qualifications – Chartered Accountant

Age 47

Appointed a Director on 5 June 2006. Resigned on 3 June 2009

Experience:

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 other ASX listed Company directorships:

<u>Company</u>	<u>Date Appointed</u>	<u>Date Resigned</u>
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	21 October 2008

Mr. James Timothy McClements - non-executive

Qualifications - B Econ (Hons)

Age 46

Appointed a Director on 29 August 2007

Mr McClements co-founded Resource Capital Funds (RCF) in 1998 and oversees all aspects of fund management, including leading the development and implementation of investment strategy as well as oversight of investment, divestment and management decisions regarding portfolio companies. Prior to launching RCF, he was a natural resources sector banker with N.M. Rothschild in Australia and the United States, and with Standard Chartered Bank. He began his professional career with BHP Limited.

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

<u>Company</u>	<u>Date Appointed</u>	<u>Date Resigned</u>
Murchison Metals Limited	2 May 2007	Continuing
Bannerman Resources Limited	17 December 2008	Continuing

Rey Resources Limited and Controlled Entities

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

Company Secretary

On 30 January 2009 Mr. Neil Stack resigned as Company Secretary of Rey Resources Limited and Mr. Julian Ludowici and Mr. Rolando Tinoco were appointed as Joint Company Secretaries with effect from that date. Mr. Tinoco is an associate member of CPA with more than 18 years experience as a financial and management accountant including senior line management roles with South American and European companies. Mr. Ludowici and Mr. Tinoco held the positions of Joint Company Secretaries at the end of the financial year.

Principal Activities

The principal activities of the consolidated group during the financial year were:

Mineral resource 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 \$2,695,082. This loss was impacted by the write-off of expenditures amounting to \$670,254 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 decreased by \$7,614,789 from 30 June 2008 to \$7,137,317 as at 30 June 2009.

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 2009 were as follows:

- completion of a placement during the year raising \$1.6 Million and issuing 16 million shares;
- first drilling programme completed at Duchess-Paradise;
- established maiden JORC resources at Duchess-Paradise of 511 Mt of thermal coal;
- pre feasibility study on coal export project commenced;
- Takeover offer for the Company was proposed by Gujarat NRE Minerals Limited.

After Balance Date Events

- completion of Non Renounceable Rights Issue raising \$2.7 million (before share issue expenses) and issuing 30.6 million shares on 23 July 2009;
- Bidder's Statement received from Gujarat NRE Minerals Limited on 20 July 2009;
- Target Statement sent to Rey' shareholders on 4 August 2009.
- The intention to make a cash offer for Rey Resources Limited by Crosby Capital (Holdings) Limited was announced to the ASX on 4th September 2009.

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 or 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.

Rey Resources Limited and Controlled Entities

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 always seeks 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.

2009 Key Management and Directors

	Short Term Benefits	Post Employment Benefits	Share-based Payments	Total
	Cash Salary, fees and other	Superannuation Contribution	Options/Shares (1)	
	\$	\$	\$	\$
Julian Ludowici	100,000	9,000	-	109,000
Kevin Wilson	200,000	18,000	642,454	860,454
Bruce Preston	150,000	13,500	-	163,500
Alan Humphris	25,000	2,250	2,560	29,810
Arun Jagatramka *	23,082	2,077	1,291	26,450
James McClements	25,000	2,250	-	27,250
	<u>523,082</u>	<u>47,077</u>	<u>646,305</u>	<u>1,216,464</u>

*Resigned as a Director on 3 June 2009

Rey Resources Limited and Controlled Entities

2008 Key Management and Directors

	Short Term Benefits	Post Employment Benefits	Share-based Payments	Total
	Cash Salary fees and other	Superannuation Contribution	Options/Shares (1)	
	\$	\$	\$	
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

(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, the Managing Director, Mr. Kevin Wilson and the Technical Director, Dr. Bruce Preston are formalised in contracts of employment.

Meetings of Directors

During the financial year 10 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	10	10
Kevin Wilson	10	10
Bruce Preston	10	9
Alan Humphris	10	10
Arun Jagatramka	8	3
James McClements	10	8
Jose Bahamondes (alt. to Alan Humphris)	2	0
Mihir Dave (alt. to Arun Jagatramka)	8	0

There were also two Audit Committee meeting held during the 2009 financial year.

Rey Resources Limited and Controlled Entities

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	2

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	500,000
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
26/11/08	09/08/10	\$0.30	500,000
26/11/08	09/08/11	\$0.35	500,000
26/11/08	09/08/12	\$0.40	500,000
26/11/08	09/08/13	\$0.50	500,000
			38,786,819

Rey Resources Limited and Controlled Entities

During the year ended 30 June 2009, there were no shares issued on the exercise of options.
No person entitled to exercise an 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 2009:

	\$	
Taxation services	4,300	
	<hr/>	
	4,300	
	<hr/>	

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 12 of the Directors' report.

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



Julian Ludowici
Chairman

Dated this 4 September 2009

Rey Resources Limited and Controlled Entities

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.	x	1
2.2 The chair should be an independent director.	x	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.	x	1
2.4 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: <ul style="list-style-type: none"> ▪ 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: <ul style="list-style-type: none"> ▪ consists only of non-executive directors ▪ consists of a majority of independent directors ▪ is chaired by an independent chair, who is not chair of the board ▪ has at least three members. 	x x √ x	2 2 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.	√	

Key Resources Limited and Controlled Entities

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 affairs 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 non executive Directors and the Chairman meet as a Remuneration Committee. The details of these Directors 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.

Rey Resources Limited and Controlled Entities



Chartered Accountants & Business Advisers

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
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 2009 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
Level 29, 31 Market Street
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DREW TOWNSEND
Partner
Date: 4 September

Sydney

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Partners

Drew Townsend
David Kenney
Richard Albarran
Gino Malacco
Paul Leroy
Steven Gladman
Brent Kijurina
Blair Pleash
David Ross
Graham Webb
Domenic Calabretta

Associates

Lyle Vallance
Bill Petrovski
Sally Saad

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Rey Resources Limited and Controlled Entities

INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue	2	140,267	425,432	132,166	410,944
Office supplies and expenses		(193,610)	(293,933)	(179,836)	(135,861)
Mining tenements expenditure		(191,874)	(257,403)	(121,566)	(113,834)
Exploration cost expensed	13	(670,254)	(1,323,974)	-	-
Professional and consulting fees		(290,923)	(354,559)	(263,320)	(304,087)
Employee benefits expense		(668,065)	(752,006)	(628,476)	(670,154)
Share-based payment		(646,492)	(67,929)	(646,492)	(67,929)
Depreciation and amortisation expense		(13,003)	(11,217)	(12,561)	(9,100)
Foreign exchange gain/ loss		25,876	(270,936)	45,463	(278,702)
Impairment of receivable from controlled entity	9	-	-	(187,692)	(2,273,630)
Impairment of financial assets	10	-	-	(670,254)	-
Other expenses		(187,004)	(289,502)	(174,769)	(228,595)
Loss before income tax expense	3	(2,695,082)	(3,196,027)	(2,707,337)	(3,670,948)
Income tax expense	4	-	-	-	-
Loss from ordinary activities after related income tax expense		(2,695,082)	(3,196,027)	(2,707,337)	(3,670,948)
Net loss attributable to members of the parent company		(2,695,082)	(3,196,027)	(2,707,337)	(3,670,948)
Basic earnings per share (cents per share)	7	(1.83)	(3.29)	(1.84)	(3.77)
Diluted earnings per share (cents per share)	7	(1.46)	(2.93)	(1.47)	(3.37)

The accompanying notes form part of these financial statements.

Rey Resources Limited and Controlled Entities

BALANCE SHEET AS AT 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009 \$	2008 \$	2009 \$	2008 \$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	528,023	5,210,616	518,735	5,204,818
Trade and other receivables	9	342,788	238,862	1,430,040	1,228,659
Financial assets	10	20,264	19,557	20,264	19,557
TOTAL CURRENT ASSETS		891,075	5,469,035	1,969,039	6,453,034
NON-CURRENT ASSETS					
Plant and equipment	12	62,159	96,071	62,159	92,172
Exploration and evaluation expenditure	13	6,423,912	2,872,826	5,377,566	1,249,307
Financial assets	10	-	-	-	670,267
Intangible assets	14	7,648	10,147	7,648	10,147
TOTAL NON-CURRENT ASSETS		6,493,719	2,979,044	5,447,373	2,021,893
TOTAL ASSETS		7,384,794	8,448,079	7,416,412	8,474,927
CURRENT LIABILITIES					
Trade and other payables	15	222,611	824,773	220,741	796,695
Short-term provision	16	24,866	8,517	24,866	4,882
TOTAL CURRENT LIABILITIES		247,477	833,290	245,607	801,577
TOTAL LIABILITIES		247,477	833,290	245,607	801,577
NET ASSETS		7,137,317	7,614,789	7,170,805	7,673,350
EQUITY					
Issued capital	18	14,996,362	13,438,062	14,996,362	13,438,062
Reserves	19	1,092,376	433,066	837,385	190,893
Accumulated losses		(8,951,421)	(6,256,339)	(8,662,942)	(5,955,605)
TOTAL EQUITY		7,137,317	7,614,789	7,170,805	7,673,350

The accompanying notes form part of these financial statements.

Rey Resources Limited and Controlled Entities

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2009

Consolidated Group

Share Capital

	Share Capital Ordinary	Accumulated Losses	Foreign Currency Exchange Translation Reserve	Options Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 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
Shares issued during the year	1,600,000				1,600,000
Less: Transaction costs	(41,700)				(41,700)
Adjustments from translation of foreign controlled entity			12,818		12,818
Recognition of share option expense				646,492	646,492
Loss attributable to members of parent company		(2,695,082)			(2,695,082)
Balance at 30 June 2009	14,996,362	(8,951,421)	254,991	837,385	7,137,317

The accompanying notes form part of these financial statements.

Rey Resources Limited and Controlled Entities

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2009

Parent Entity
Share Capital

	Share Capital Ordinary	Accumulated Losses	Options Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2007	6,561,497	(2,284,657)	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)	190,893	7,673,350
Shares issued during the year	1,600,000			1,600,000
Less: Transaction costs	(41,700)			(41,700)
Recognition of share option expense			646,492	646,492
Loss attributable to members of parent company		(2,707,337)		(2,707,337)
Balance at 30 June 2009	14,996,362	(8,662,942)	837,385	7,170,805

The accompanying notes form part of these financial statements.

Rey Resources Limited and Controlled Entities

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009 \$	2008 \$	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts of other revenue		9,294	277,456	3,140	262,977
Payments to suppliers and employees		(1,672,007)	(2,278,405)	(1,751,041)	(2,235,114)
Interest received		129,130	147,976	127,184	147,967
Net cash provided by (used in) operating activities	23(a)	(1,533,583)	(1,852,973)	(1,620,717)	(1,824,170)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		(14,720)	(56,390)	(14,720)	(56,634)
Purchase of software		(1,616)	(6,749)	(1,616)	(6,749)
Payments for mining tenements		(289,950)	(358,343)	(217,255)	(210,635)
Payments for exploration expenditure		(4,401,025)	(343,760)	(4,390,075)	(399,718)
Net cash provided by (used in) investing activities		(4,707,311)	(765,242)	(4,623,666)	(673,736)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1,600,000	7,326,185	1,600,000	7,326,185
Payments for capital raising cost		(41,700)	(384,777)	(41,700)	(384,777)
Net cash provided by (used in) financing activities		1,558,300	6,941,408	1,558,300	6,941,408
Net increase in cash held		(4,682,594)	4,323,193	(4,686,083)	4,443,502
Cash at beginning of financial year		5,210,617	887,423	5,204,818	761,316
Cash at end of financial year	8	528,023	5,210,616	518,735	5,204,818

The accompanying notes form part of these financial statements.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 \$2,695,082. 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 given 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, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

parent entity.

b. **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 is depreciated on a straight-line basis over their useful lives to the consolidated group 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.

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.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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, 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.

g. **Financial Instruments**

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a. The amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective method and
- d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Available-for-sale financial assets

a. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost

b. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments

Fair Value

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 assesses 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.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 identifiable 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.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

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 flow are presented in the cash flow statements on a gross basis, except for the GST component of investing activities 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.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(i) Key Judgments- Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at \$ 6,423,912.

New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:
 - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
 - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
 - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
 - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
 - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
 - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
 - where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.
- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134,

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result.

- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2: REVENUE

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Operating activities				
— interest received	130,973	147,976	129,026	147,967
— other revenue	9,294	277,456	3,140	262,977
Total Revenue	140,267	425,432	132,166	410,944

NOTE 3: LOSS FOR THE YEAR

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
a. Expenses				
Depreciation of non-current assets	(13,003)	(11,217)	(12,561)	(9,100)
Foreign exchange gain/ loss	25,876	(270,936)	45,463	(278,702)
Rental expense on operating leases	(79,800)	(62,160)	(74,990)	(51,830)
Mining tenements expenditure	(191,784)	(257,403)	(121,566)	(113,834)
Exploration cost expensed	-	(1,323,974)	-	-
Impairment loss	-	-	(187,692)	(2,273,630)
Impairment other financial assets	(670,254)	-	(670,254)	-

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 4: INCOME TAX EXPENSE

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
a. The components of income tax expense (benefit) comprise:				
- current tax	-	-	-	-
- deferred tax	(619,071)	(705,869)	(618,253)	(1,080,905)
- deferred tax asset not recognised (losses)	2,156,510	588,535	1,991,948	277,683
- deferred tax asset/liability not recognised (temporary)	(1,537,439)	117,334	(1,373,695)	803,222
	0	0	0	0
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2008: 30%)	(808,526)	(958,808)	(812,201)	(1,101,284)
Add:				
Tax effect of:				
- Share based payment	193,948	20,379	193,948	20,379
Less:				
Tax effect of:				
- Overseas income subject to tax at different rates	(4,493)	232,560	-	-
- Deferred tax assets not recognised (losses)	2,156,510	588,535	1,991,948	277,683
- Deferred tax asset not recognised (temporary)	(1,537,439)	117,334	(1,373,695)	803,222
Income tax expense/ (benefit)	0	0	0	0

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 (1 July 2008 to 3 June 2009)
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.

2009	Balance as at 1 July 2008	Received as Compensation	Net Change	Balance as at 30 June 2009
Julian Ludowici – Direct	1,030,000	-	(1,030,000)	0
Julian Ludowici – Indirect	9,013,753	-	1,096,153	10,109,906
Kevin Wilson – Indirect	1,753,847	-	1,000,000	2,753,847
Bruce Preston – Direct	251,875	-	-	251,875
Bruce Preston – Indirect	4,986,500	-	300,000	5,286,500
Alan Humphris – Direct	75,000	-	-	75,000
Alan Humphris – Indirect	3,031,045	-	-	3,031,045
Arun Jagatramka – Indirect *	20,461,539	-	5,000,000	25,461,539
James McClements – Indirect	<u>9,074,956</u>	-	<u>500,000</u>	<u>9,574,956</u>
Total	49,678,515	-	6,866,153	56,544,658

*Arun Jagatramka resigned as a Director on 3 June 2009.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

c. Option holdings

Number of options held by Key Management personnel

2009	Balance as at 1 July 2008	Granted as Compensation	Options Exercised	Options Cancelled	Net Change
Julian Ludowici – Direct	237,693	-	-	-	-
Julian Ludowici – Indirect	2,021,271	-	-	-	-
Kevin Wilson – Indirect	4,276,924	2,000,000	-	-	-
Bruce Preston – Indirect	1,425,000	-	-	-	-
Alan Humphris – Direct	500,000	-	-	-	-
Alan Humphris – Indirect	227,273	-	-	-	-
Arun Jagatramka – Direct *	500,000	-	-	(500,000)	-
Arun Jagatramka – Indirect *	3,230,770	-	-	-	-
James McClements - Direct	500,000	-	-	-	-
James McClements – Indirect	1,432,888	-	-	-	-
Total	14,351,819	2,000,000	-	(500,000)	2,000,000

2009	Balance as at 30 June 2009	Total Vested 30 June 2009	Total Exercisable 30 June 2009	Total Unexercisable 30 June 2009
Julian Ludowici – Direct	237,693	-	237,693	-
Julian Ludowici – Indirect	2,021,271	-	2,021,271	-
Kevin Wilson – Indirect	6,276,924	-	2,276,924	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*	-	-	-	-
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	15,851,819	-	11,851,819	4,000,000

*Arun Jagatramka resigned as a Director on 3 June 2009.

Options are issued to Directors as part of their share purchase plan.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 6: AUDITOR'S REMUNERATION

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	36,500	33,000	36,500	33,000
— taxation services	4,300	4,800	4,300	4,800
Remuneration of other auditor of the subsidiaries for:				
- auditing or reviewing the financial report of subsidiaries	-	16,090	-	-

NOTE 7: EARNINGS PER SHARE

	Consolidated Group	
	2009	2008
	\$	\$
a. Reconciliation of earnings to profit or loss (Loss)	(2,695,082)	(3,196,027)
Earnings used to calculate basic and diluted EPS	(2,695,082)	(3,196,027)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	147,339,597	97,249,000
Weighted average number of options outstanding	38,433,394	11,646,633
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	185,772,992	108,895,633
c. Basic earnings per share (cents per share)	(1.83)	(3.29)
Diluted earnings per share (cents per share)	(1.45)	(2.93)

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank and in hand	528,023	5,210,616	518,735	5,204,818
	528,023	5,210,616	518,735	5,204,818

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	528,023	5,210,616	518,735	5,204,818
	528,023	5,210,616	518,735	5,204,818

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
CURRENT				
Other receivables	342,788	238,862	114,813	39,309
Amounts receivable from:				
Wholly-owned subsidiaries	-	-	1,502,919	3,462,980
Less impairment loss	-	-	(187,692)	(2,273,630)
	342,788	238,862	1,430,040	1,228,659

Impairment loss

At 30 June 2009, 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.

Credit Risk – Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. The Group and the parent entity are not exposed to any significant credit risk as there were no trading operations during the year.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 10: FINANCIAL ASSETS

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Available-for-sale financial assets	10a	20,264	19,557	20,278	689,824
Less non current portion		-	-	14	670,267
Current portion		20,264	19,557	20,264	19,557

a. **Available-for-sale Financial Assets Comprise**

Unlisted investments, at cost

- Shares in controlled entities		-	-	670,268	670,267
- units in unit trusts	10b	20,264	19,557	20,264	19,557
- Less Impairment		-	-	(670,254)	-

Total available-for-sale financial assets

20,264	19,557	20,278	689,824
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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

Investment at cost

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Investment at cost	20,264	19,557	20,264	19,557
	20,264	19,557	20,264	19,557

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 11: CONTROLLED ENTITIES

a. **Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned %*	
		2009	2008
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%
Humitos Pty Ltd	Australia	100%	-
Rey Investments Chile Limitada	Chile	100%**	100%
Rey Resources Peru S.A.	Peru	100%**	100%

* Percentage of voting power is in proportion to ownership

** Dr Bruce Preston holds 1% of the capital of these Companies in trust for Rey Resources Ltd in accordance with relevant Company legislation

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 12: PLANT AND EQUIPMENT

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Furniture and Equipment				
At cost	38,932	32,403	38,932	32,403
Accumulated depreciation	(5,180)	(3,210)	(5,180)	(3,210)
	33,752	29,193	33,752	29,193
Plant and equipment:				
At cost	53,864	85,018	52,324	76,740
Accumulated depreciation	(25,457)	(18,140)	(23,917)	(13,761)
	28,407	66,878	28,407	62,979
Total Plant and Equipment	62,159	96,071	62,159	92,172

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

a. **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 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
Additions	6,529	8,191	14,720
Disposals	-	(36,047)	(36,047)
Depreciation expense	(1,970)	(10,615)	(12,585)
Balance at 30 June 2009	33,752	28,407	62,159
Parent Entity:			
Balance at 1 July 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
Additions	6,529	8,191	14,720
Disposal	-	(32,607)	(32,607)
Depreciation expense	(1,970)	(10,156)	(12,126)
Balance at 30 June 2009	33,752	28,407	62,159

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 13: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Exploration expenditure capitalised				
Opening balance	2,872,826	2,587,667	1,249,307	127,313
Net current year expenditure	4,221,340	1,609,133	4,128,259	1,121,994
Write off of exploration costs	(670,254)	(1,323,974)	-	-
	6,423,912	2,872,826	5,377,566	1,249,307

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		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Computer Software - at cost	14,725	13,715	14,725	13,715
Accumulated amortisation	(7,077)	(3,568)	(7,077)	(3,568)
Total Intangible assets	7,648	10,147	7,648	10,147

Consolidated Group

	Computer Software \$
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
Year ended 30 June 2009	
Balance at the beginning of year	10,147
Additions	1,615
Disposals	(606)
Depreciation expense	(3,508)
Impairment losses	-
As at 30 June 2009	7,648

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 14: INTANGIBLE ASSETS (CONT'D.)

Parent Entity

	Computer Software \$
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	<u>10,147</u>
Year ended 30 June 2009	
Balance at the beginning of year	10,147
Additions	1,615
Disposals	(606)
Depreciation expense	(3,508)
Impairment losses	-
As at 30 June 2009	<u>7,648</u>

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 15: TRADE AND OTHER PAYABLES

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
CURRENT				
Unsecured liabilities				
Trade payables	67,847	83,566	65,977	55,487
Sundry payables and accrued expenses	154,764	741,207	154,764	741,208
	222,611	824,773	220,741	796,695

NOTE 16: PROVISIONS

	Short term Employee Benefits	Total
Consolidated Group		
Opening balance at 1 July 2008	8,517	8,517
Additional provisions	24,866	24,866
Amounts used	(8,517)	(8,517)
Unused amounts reversed	0	0
Balance at 30 June 2009	24,866	24,866
Parent Entity		
Opening balance at 1 July 2008	4,882	4,882
Additional provisions	24,866	24,866
Amounts used	(4,882)	(4,882)
Unused amounts reversed	0	0
Balance at 30 June 2009	24,866	24,866

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 16: PROVISIONS (CONT'D)

Analysis of Total Provisions

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
Current	24,866	4,882	24,866	4,882
Non-current	-	-	-	-
Total	24866	4,882	24,866	4,882

NOTE 17: TAX

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
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	\$	\$	\$	\$
- Tax losses	3,438,053	1,281,543	2,962,639	970,691
- Temporary differences	(1,776,307)	(238,868)	(605,475)	768,220
	1,661,746	1,042,675	2,357,164	1,738,911

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 18: ISSUED CAPITAL

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
153,032,748 (2008: 137,032,748) fully paid ordinary shares	14,996,362	13,438,062	14,996,362	13,438,062
	14,996,362	13,438,062	14,996,362	13,438,062

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

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	No.	No.	No.	No.
a. Ordinary shares				
At the beginning of reporting period	137,032,748	73,178,748	137,032,748	73,178,748
Shares issued during the year:				
·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
23 October 2008	9,200,000	-	9,200,000	
27 November 2008	6,800,000	-	6,800,000	
At reporting date	153,032,748	137,032,748	153,032,748	137,032,748

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.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

- 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.

NOTE 19: 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.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 20: COMMITMENTS

a. Lease commitments

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

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
Payable- minimum lease payments				
Not later than one year	64,759	60,148	64,759	60,148
Later than one year but not later than five years	15,205	65,167	15,205	65,167
Minimum lease payment	79,964	125,315	79,964	125,315

b. Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by tenements licenses and acquisition agreements. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable:

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
Not later than one year	2,907,000	1,465,500	2,907,000	1,465,500
Later than one year but not later than five years	5,111,118	2,202,751	5,111,118	1,465,500
Total	8,018,118	3,668,251	8,018,118	3,668,251

NOTE 21: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 22: SEGMENT REPORTING

Primary Reporting	Australia		South America		Eliminations		Consolidated Group	
	2009	2008	2009	2008	2009	2008	2009	2008
Geographical Segments								
Revenue	134,112	410,953	30,903	14,479	(24,748)		140,267	425,432
Other Income								
Total Revenue	134,112	410,953	30,903	14,479	(24,748)		140,267	425,432
Segment Result	(2,354,264)	(1,407,100)	(153,126)	(1,788,927)	(187,692)		(2,695,082)	(3,196,027)
Loss from ordinary activities after income tax expenses	(2,354,264)	(1,407,100)	(153,126)	(1,788,927)	(187,692)		(2,695,082)	(3,196,027)

The economic entity's business segments each operate in the business of mineral exploration.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 22: SEGMENT REPORTING

	Australia		South America		Eliminations		Consolidated Group	
	2009	2008	2009	2008	2009	2008	2009	2008
ASSETS								
Segment assets	8,466,570	9,427,715	206,056	182,316	(1,287,832)	(1,161,952)	7,384,794	8,448,079
Total Assets							<u>7,384,794</u>	<u>8,448,079</u>
LIABILITIES								
Segment liabilities	1,560,834	1,997,125	2,859,109	2,299,145	(4,172,466)	(3,462,980)	247,477	833,290
Total Liabilities							<u>247,477</u>	<u>833,290</u>
OTHER								
Acquisitions of non-current segment assets	16,334	63,383	-	41			16,334	63,424
Depreciation and amortisation of segment assets	12,580	9,486	423	1,731			13,003	11,217

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, 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.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 23: CASH FLOW INFORMATION

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax				
Loss after income tax	(2,695,082)	(3,196,027)	(2,707,337)	(3,670,948)
Non-cash flows in loss				
Depreciation	13,004	11,217	12,561	9,101
Net loss on disposal property, plant and equipment	-	-	-	-
Impairment loss	-	-	670,255	2,273,631
Write off capitalised expenditure	670,255	927,751	-	-
Share options expensed	646,492	67,929	646,492	67,929
Foreign exchange	(16,992)	271,222	(36,874)	278,701
Net cash expended on Operating activities before changes in assets and liabilities	(1,382,323)	(1,917,908)	(1,414,903)	(1,041,586)
Increase/(decrease) in other debtors	(130,509)	(298,259)	(389,780)	(931,609)
Increase/(decrease) in trade and other creditors	(45,617)	354,677	159,100	144,143
Increase/(decrease) in short term provisions	24,866	8,517	24,866	4,882
Cash flow from operations	(1,533,583)	(1,852,973)	(1,620,717)	(1,824,170)

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 24: EVENTS AFTER THE BALANCE SHEET DATE

- Completion of Non Renounceable Rights Issue raising \$2.7 million (before share issue expenses) and issuing 30.6 million shares. Shares were allotted on 23 July 2009.
- Bidder's Statement received from Gujarat NRE Minerals Limited. The offering is 9 cents cash for one Rey share or 1 Gujarat share for every 5 Rey shares.
- Target's Statement sent to Rey's shareholders on 4 August 2009.
- Intention to make a cash offer for Rey Resources Limited by Crosby Capital (Holdings) Limited was announced to the ASX on 4th September 2009.

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 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.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 25: RELATED PARTY TRANSACTIONS

	Consolidated Group 2009 \$	Consolidated Group 2008 \$	Parent Entity 2009 \$	Parent Entity 2008 \$
Mr. Julian Ludowici				
Paid in cash	99,316	109,000	99,316	109,000
Accrued fees and payable	9,683	-	9,683	-
Share based payment	-	4,972	-	4,972
Mr. Kevin Wilson				
Paid in cash	348,633	199,833	348,633	199,833
Accrued salary and payable	19,366	150,000	19,366	150,000
Share based payment	642,454	45,158	645,454	45,158
Mr. Bruce Preston				
Paid in cash	148,975	163,500	148,975	163,500
Accrued salary and payable	14,525	-	14,525	-
Share based payment	-	4,972	-	4,972
Mr. Alan Humphris				
Paid in cash	24,829	30,350	24,829	30,350
Accrued fees and payable	8,220	-	8,220	-
Share based payment	2,560	3,516	2,560	3,516
Mr. Arun Jagatramka				
Paid in cash	-	27,250	-	27,250
Accrued fees and payable	25,159	-	25,159	-
Share based payment	1,291	2,688	1,291	2,688
Mr. JamesMcClements				
Paid in cash	22,916	-	22,916	-
Accrued fees and payable	4,334	-	4,334	-
Share based payment	-	-	-	-
Mr. Jose Agustin Bahamondes				
Paid in cash	15,917	80,198	-	-
Accrued fees and payable	-	-	-	-
Share based payment	-	4,972	-	4,972

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.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 26: 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.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
Financial Assets					
Cash and Cash equivalent	8	528,023	5,210,616	518,735	5,204,818
Trade and other receivables	9	342,788	238,862	1,430,040	1,228,659
Financial assets	10	20,264	19,557	20,264	19,557
Total		891,075	5,469,035	1,969,039	6,453,034
Financial Liabilities					
Trade and other payables	15	222,611	828,408	220,741	796,695
Total		222,611	828,408	220,607	796,695

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 2009 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. Refer to Note 26.b. iii for further details.

c) Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate uncommitted funding is available and maintained.

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Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 bearing \$	TOTAL \$
2009							
Financial Assets							
Cash and cash equivalent	5.19%	528,023	-	-	-	-	528,023
Trade & Other Receivables		-	-	-	-	342,788	342,788
Financial assets	5.19%	20,264	-	-	-	-	20,264
		548,287	-	-	-	342,788	891,075
Financial liabilities							
Trade & Other Payables		-	-	-	-	222,611	222,611
		-	-	-	-	222,611	222,611
2008							
Financial Assets							
Cash and cash equivalent	6.51%	5,210,616	-	-	-	-	5,210,616
Trade & 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 & Other Payables		-	-	-	-	828,408	828,408
		-	-	-	-	828,408	828,408

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Parent Entity

	Weighted Average Interest Rate	Floating Interest Rate \$	1 year or less \$	1 to 5 years \$	More than 5 years \$	Non- interest bearing \$	TOTAL \$
2009							
Financial Assets							
Cash and cash equivalent	5.19%	518,735	-	-	-	-	518,735
Trade & Other Receivables		-	-	-	-	1,430,040	1,430,040
Financial assets	5.19%	20,264	-	-	-	-	20,264
		538,999	-	-	-	1,430,040	1,969,039
Financial liabilities							
Trade & Other Payables		-	-	-	-	220,741	220,741
		-	-	-	-	220,741	220,741
2008							
Financial Assets							
Cash and cash equivalent	6.51%	5,204,818	-	-	-	-	5,204,818
Trade & 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 & Other Payables		-	-	-	-	796,695	796,695
		-	-	-	-	796,695	796,695

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.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

iii. Sensitivity Analysis

At 30 June 2009, 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	
	2009	2008	2009	2008
	\$	\$	\$	\$
Change in Profit				
Improvement in AUD to US\$ by 2%	(3002)	(35,077)	-	-
Decline in AUD to US\$ by 2%	3,125	36,509	-	-
Change in Equity				
Improvement in AUD to US\$ by 2%	(52,020)	3,075	-	-
Decline in AUD to US\$ by 2%	54,144	(3,199)	-	-

NOTE 27: INTEREST IN JOINT VENTURE

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 the joint venture was registered 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.

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 28: SHARE-BASED PAYMENT

On 26 November 2008, 2,000,000 options were granted to executive Director Mr. Kevin Wilson under the Company's Employee Share Option Plan at an exercise price of \$0.30 (0.5 million options), \$0.35 (0.5 millions options), \$0.40 (0.5 millions options) and \$0.50 (0.5 million options). The options are exercisable on or before 9 August 2010, 9 August 2011, 9 August 2012 and 9 August 2013 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	2009		2008	
	Number of Options	Weighted Average Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)
Outstanding at the beginning of the year	5,650,000	0.20	11,550,000	0.20
Granted	2,000,000	0.39	8,650,000	0.19
Cancelled	(500,000)	0.20	(4,000,000)	0.19
Exercised	-	-	-	-
Expired	-	-	(10,550,000)	0.20
Outstanding at year-end	7,150,000	0.25	5,650,000	0.20
Exercisable at year-end	7,150,000	0.25	5,650,000	0.20

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Parent entity	2009		2008	
	Number of Options	Weighted Average Exercise Price(\$)	Number of Options	Weighted Average Exercise Price (\$)
Outstanding at the beginning of the year	5,650,000	0.20	11,550,000	0.20
Granted	2,000,000	0.39	8,650,000	0.19
Cancelled	(500,000)	0.20	(4,000,000)	0.19
Exercised	-	-	-	-
Expired	-	-	(10,550,000)	0.20
Outstanding at year-end	7,150,000	0.25	5,650,000	0.20
Exercisable at year-end	7,150,000	0.25	5,650,000	0.20

The weighted average fair value of the options granted during the year was \$0.00 per option. This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

Weighted average exercise option	\$0.39
Weighted average life of option	3.22 years
Underlying share price	\$0.070
Expected share price volatility	10%
Risk free interest rate	3.68%

Rey Resources Limited and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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

Rey Resources Limited and Controlled Entities

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 13 to 55, 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 2009 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 this 4 of September 2009

Rey Resources Limited and Controlled Entities



Chartered Accountants & Business Advisers

**REY RESOURCES LIMITED
ABN 84 108 003 890
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
REY RESOURCES LIMITED**

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 2009, 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 4 September 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

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Richard Albarran
Gino Malacco
Paul Leroy
Steven Gladman
Brent Kijurina
Blair Pleash
David Ross
Graham Webb
Domenic Calabretta

Associates

Lyle Vallance
Bill Petrovski
Sally Saad

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Rey Resources Limited and Controlled Entities



Chartered Accountants & Business Advisers

REY RESOURCES LIMITED
ABN 84 108 003 890
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
REY RESOURCES LIMITED

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 and consolidated entity's financial position as at 30 June 2009 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;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note I.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 7 of the report of the directors for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 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 2009, complies with s 300A of the Corporations Act 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss of \$2,695,082 during the year ended 30 June 2009. 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.

Hall Chadwick
Level 29, 31 Market Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Date: 4 September

Limited liability by a Scheme approved under Professional Standards Legislation

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Blair Pleash
David Ross
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Domenic Calabretta

Associates

Lyle Vallance
Bill Petrovski
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Rey Resources Limited and Controlled Entities

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 30 September 2009.

a) Distribution of equity securities

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

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	249	87,640
1,001 - 5,000	345	1,074,285
5,001 - 10,000	239	1,955,280
10,001- 100,000	558	20,339,023
100,001 and over	<u>146</u>	<u>160,183,217</u>
Total	1,537	183,639,445
The number of shares holding less than a marketable parcel of shares are:		
	163	28,425

b) Twenty largest shareholders

The names of the twenty largest holders of shares are:

	Ordinary Shares	
	Number of Shares	Percentage of ordinary shares
1. Gujarat NRE Limited	30,553,847	16.64
2. National Nominees Limited	15,908,690	8.66
3. Boongol Pty Ltd <McClements Family Trust>	10,532,452	5.74
4. JBBM Pty Ltd <Julian Ludowici S/F A/C>	10,277,773	5.60
5. J P Morgan Nominees Australia Limited	6,000,000	3.27
6. Indu Setu Bara Pte Ltd	5,851,421	3.19
7. Bruce Clement Preston <Super Fund A/C>	5,760,150	3.14
8. Jose Agustin Bahamondes	5,020,000	2.73
9. Mineralogy Pty Ltd	4,927,975	2.68
10. Kevin Wilson <Lincoln Superfund No1 A/C>	3,304,617	1.80
11. Alan Humphris + Elizabeth Ann Humphris <Alan J Humphris PSF A/C>	3,265,254	1.78
12. Citicorp Nominees Pty Limited	2,939,375	1.60
13. ANZ Nominees Limited <Cash Income A/C>	2,540,976	1.38
14. Claudia Bahamondes	2,500,000	1.36
15. John Paul Bahamondes	2,500,000	1.36
16. Unaval Nominees Pty Ltd <Unaval Retirement Fund A/C>	2,006,724	1.09
17. Ronald Hugh Beevor & Fiona Mary Beevor <Digger Super Fund A/C>	1,552,149	0.85
18. Premar Capital Nominees Pty Ltd	1,549,919	0.84
19. Colin Campbell	1,300,000	0.71
20. Pegmont Mines Limited	<u>1,200,000</u>	<u>0.65</u>
	119,491,322	65.07

Rey Resources Limited and Controlled Entities

c) Twenty largest options holders

The names of the twenty largest holders of options are:

	Options	
	Number of Options	Percentage of total options
1. Kevin John Wilson <Lincon Superfund No1 A/C>	6,276,924	16.18
2. National Nominees Limited	5,634,614	14.53
3. Gujarat NRE Limited	3,230,770	8.33
4. JBBM Pty Ltd <Julian Ludowici S/F A/C>	1,984,347	5.12
5. Boongol Pty Ltd <McClements Family Trust>	1,932,888	4.98
6. Clodene Pty Ltd	1,625,585	4.19
7. Bruce Clement Preston (Super Fund A/C>	1,425,000	3.67
8. Pegmont Mines Limited	1,218,462	3.14
9. Peter Pasqualino Blanco & Steven Blanco <P Blanco Super Fund A/C>	800,000	2.06
10. Keil Investment Group Pty Ltd <Keil Invst P/L Keil PPF A/C>	780,001	2.01
11. Christine Mary Hoskins	757,477	1.95
12. Rivermore Pty Limited	637,056	1.64
13. Peter Pasqualino Blanco	600,000	1.55
14. Chris Vasiliadis	504,033	1.30
15. Pegasus Enterprises Limited	500,000	1.29
16. Alan John Humphris	500,000	1.29
17. Pilbara Ventures Limited	500,000	1.29
18. Innovatif Developments Pty Ltd	446,154	1.15
19. ASSF Pty Ltd <Andrew Sassi Super Fund>	430,000	1.11
20. Craig William Manners	<u>410,000</u>	<u>1.06</u>
	30,193,311	77.84

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	30,553,847	16.6
Acorn Capital Limited	15,295,382	8.3
Julian Ludowici	11,657,773	6.3
James McClements	10,532,452	5.7
Jose Agustin Bahamondes	10,094,874	5.5

e) Voting rights

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

Rey Resources Limited and Controlled Entities

f) Tenement Information

Current interests and applications in tenements held by Rey Resources Limited and its subsidiaries as at 30 September 2009 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%	*
WA / Australia	Canning Basin	Blackfin	E04/1865	78 sq.kms	100%	*
WA / Australia	Canning Basin	Blackfin	E04/1928	13 sq.kms	100%	*
WA / Australia	Canning Basin	Rey Kimb	E04/1943	85 sq.kms	100%	*
WA / Australia	Canning Basin	Rey Kimb	E04/1944	7 sq.kms	100%	*
WA / Australia	Canning Basin	Rey Kimb	E04/1948	238 sq.kms	100%	*
WA / Australia	Canning Basin	Rey Kimb	E04/1949	46 sq.kms	100%	*
WA / Australia	Canning Basin	Rey Kimb	E04/1950	205 sq.kms	100%	*
WA / Australia	Canning Basin	Rey Kimb	E04/1952	111 sq.kms	100%	*
WA / Australia	Canning Basin	Rey Kimb	E04/1953	140 sq.kms	100%	*

Rey Resources Limited and Controlled Entities

Location/ Country	Project	Holder	Tenement	Area	Percent	
WA / Australia	Canning Basin	Rey Kimb	E04/1954	169 sq.kms	100%	*
WA / Australia	Canning Basin	Rey Kimb	E04/1955	46 sq.kms	100%	*
WA / Australia	Canning Basin	Rey Kimb	E04/1956	303 sq.kms	100%	*
WA / Australia	Canning Basin	Rey Kimb	E04/1957	212 sq.kms	100%	*
WA / Australia	Canning Basin	Rey Kimb	E04/1958	20 sq.kms	100%	*
				19,659 sq.kms		
WA / Australia	Eradu	Blackfin	E70/2392	24 sq.kms	100%	

Location/ Country	Project	Holder	Tenement	Area	Percent
Copiapo/ Chile	Humito	Humitos	H1	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H2	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H3	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H4	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H5	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H6	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H7	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H9	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H10	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H11	100 ha	100%
Copiapo/ Chile	Humito	Humitos	H12	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H13	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H14	200 ha	100%
Copiapo/ Chile	Humito	Humitos	H15	300 ha	100%
Copiapo/ Chile	Humito	Humitos	H16	200 ha	100%
Copiapo/ Chile	Humito	Humitos	H17	100 ha	100%
				4,200 ha	

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

Blackfin = Blackfin Pty Ltd
 Rey = Rey Resources Limited
 Rey Kimb = Rey Kimberley Pty Ltd
 Humitos = Humitos Pty Ltd

E = Exploration License (for minerals)
 EPA = Application for exploration Permit (for petroleum)

* Rey Resources tenement applications

Rey Resources Limited and Controlled Entities

Company Announcements

<u>Date</u>	<u>Headline</u>
30/06/2009	GNM: Update Re Proposed Takeover offer for Rey - 30 Jun 09
30/06/2009	Canning Basin UCG Coal
26/06/2009	Despatch of Offer Letter and Entitlement and Acceptance Form
25/06/2009	Rights Issue - Cleansing Statement
22/06/2009	Rey Resources limited Panel Receives Application
22/06/2009	Management Update June 2009
19/06/2009	Letter to Shareholders
18/06/2009	GNM: Update Regarding proposed T/O offer for Rey 18 Jun 09
17/06/2009	Non-Renounceable Issue
17/06/2009	Disclosure Document - Cleansing Statement
17/06/2009	Appendix 3B
17/06/2009	Response to GNM Offer / Non-Renounceable Issue
15/06/2009	Trading Halt
10/06/2009	Final Director`s Interest Notice
10/06/2009	Final Director`s Interest Notice
05/06/2009	Appendix 3B Cancellation unlisted employee options
04/06/2009	GUJARAT Proposal
04/06/2009	Director Resignation
03/06/2009	GNM: Intention to Make Takeover Bid - 3 June 2009
01/06/2009	Upgrade to JORC Coal Resource in WA`s Canning Basin
28/05/2009	Presentation at BBY 2009 Resources Conference
11/05/2009	Amended Appendix 3 Y
08/05/2009	Appendix 3Y Change of Directors Interest Notice
30/04/2009	Appendix 5B March 2009 Quarterly Report
30/04/2009	March 2009 Quarterly Report
01/04/2009	Initial JORC Coal Resource in WA`s Canning Basin
27/02/2009	Appendix 4D Half Yearly Report to 31 December 2008
24/02/2009	Appendix 3Y Change of Directors Interest Notice (KW)
24/02/2009	Appendix 3B Options Granted
30/01/2009	Company Secretary Resignation and Appointment
30/01/2009	Appendix 5B December 2008 Quarterly Report
30/01/2009	December 2008 Quarterly Report
27/11/2008	Appendix 3Y Change of Directors Interest (JM)
27/11/2008	Form 604 Notice of change of interests of substantial holder
27/11/2008	Appendix 3Y Change of Directors Interest (AJ)
27/11/2008	Appendix 3Y Change of Directors Interest (BP)
27/11/2008	Appendix 3Y Change of Directors Interest (KW)
27/11/2008	Appendix 3B Share Placement

Rey Resources Limited and Controlled Entities

<u>Date</u>	<u>Headline</u>
26/11/2008	Managing Directors Presentation Following AGM
26/11/2008	Results of 2008 Annual General Meeting
26/11/2008	Chairman`s Address 2008 Annual General Meeting
29/10/2008	September 2008 Quarterly Report
29/10/2008	Appendix 5B September Quarterly Report
29/10/2008	2008 Annual General Meeting Notice and Proxy Form
28/10/2008	Change in substantial holding
23/10/2008	Appendix 3B- amendment
22/10/2008	2008 Annual Report Mailed to Shareholders Today
21/10/2008	Rey Resources Ltd Share Placement
21/10/2008	Share Placement ASX Appendix
17/10/2008	New Share Issue - Placement
02/10/2008	Coal Quality Update
26/09/2008	Director Resignation
26/09/2008	Full Year Statutory Accounts
11/09/2008	Change of Provider of Share Registry Services
22/08/2008	Canning Basin Coal Drilling Update
30/07/2008	Appendix 5B June Quarterly Report
30/07/2008	June 08 Quarterly Report
01/07/2008	Final permits for 2008 drilling program

Rey Resources Limited and Controlled Entities

CORPORATE DIRECTORY

Directors:	Mr. Julian Kinnear Ludowici - Chairman Mr. Kevin Wilson – Managing Director Dr. Bruce Clement Preston Mr. Alan John Humphris Mr. James Timothy McClements
Company Secretary:	Mr. Julian Ludowici Mr. Rolando Tinoco
Registered Office:	Level 8, 50 Clarence St Sydney NSW 2000 Tel +61 2 9299 9357 Fax +61 2 9262 1403
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 Phone 02 9290 9600 / Fax 02 9279 0664
Internet	www.reyresources.com info@reyresources.com

COMPANIES IN THE ECONOMIC ENTITY

Rey Resources Limited	ACN 108 003 890
Blackfin Pty Limited	ACN 094 938 708
Humitos Pty Ltd	ACN 136 874 532
Rey Investment Chile Limitada	ID 77.937.970-1
Rey Resources Peru SA	RUC 20507005773
Rey Kimberley Pty Limited	ACN 126 469 387

STOCK EXCHANGE

Australian Securities Exchange (Sydney)
ASX Codes: REY, REYOA

