

ASX ANNOUNCEMENT

11 NOVEMBER 2015

Update on operations in the Fitzroy Blocks

Rey Resources Limited (**Rey** or the **Company**) (ASX: REY) announces it has been informed by Buru Energy Limited (**Operator**) (ASX:BRU), as operator of petroleum exploration licence EP 457 and EP 458 (the **Fitzroy Blocks**), of the following update on the Senagi 1 and Victory 1 wells (refer Buru's ASX announcement 10 November 2015).

Rey has a 25% equity interest in (and contributes 16.7% to the cost of) both the Senagi 1 and Victory 1 wells, refer Figure 1 below.

Senagi 1

As foreshadowed by the Operator, the well has now been logged, cement plugs have been run, and the well has been abandoned in accordance with regulations. A total of 286m of continuous core has been cut with 97% recovered and valuable data has been obtained which will assist with correlation of core and image logs over the very well developed vugular dolomite reservoir section. This correlation will provide more certainty in the interpretation of the dolomite reservoirs encountered in future wells.

All of the data from the well will now be analysed to ensure the highest chance of success of the other prospects in the area.

Victory 1

As previously reported by the Operator, logs over the lost circulation zones showed potential cavernous or vugular porosity below a drill depth of 1,945 metres. Due to the log quality, deep fresh water invasion and hole conditions, it was not possible to determine from logs whether or not hydrocarbons are present in this zone. Logs were initially unable to be obtained deeper than approximately 2,030 metres due to hole conditions and several further attempts have been made to log the lower part of the hole below the lost circulation zone with no success. The difficulties in acquiring the logs were principally due to a well developed shale section below the zone of lost circulation.

During these operations, further problems with the casing were encountered. After considering the options for remedying the issue, and the associated costs, it has been agreed by the joint venture that the most prudent course of action is to plug and abandon the well bore, meaning that a flow test of the horizon where circulation was lost, though warranted, was not operationally achievable. Abandonment will be done in accordance with all regulations and good oil field practice to ensure all formations are effectively isolated.

The joint venture is currently acquiring additional 2D seismic data over the Victory structure and this data, together with the encouraging data obtained from the well, will be used to make a decision on the forward evaluation of the structure, which may include the drilling of another well in the 2016 dry season.

Rey's Managing Director, Kevin Wilson said, "We have identified an encouraging target zone at Victory 1 which we have unfortunately been unable to flow test. The joint venture will now appraise the data from the well together with the new seismic data to plan the follow up in 2016".

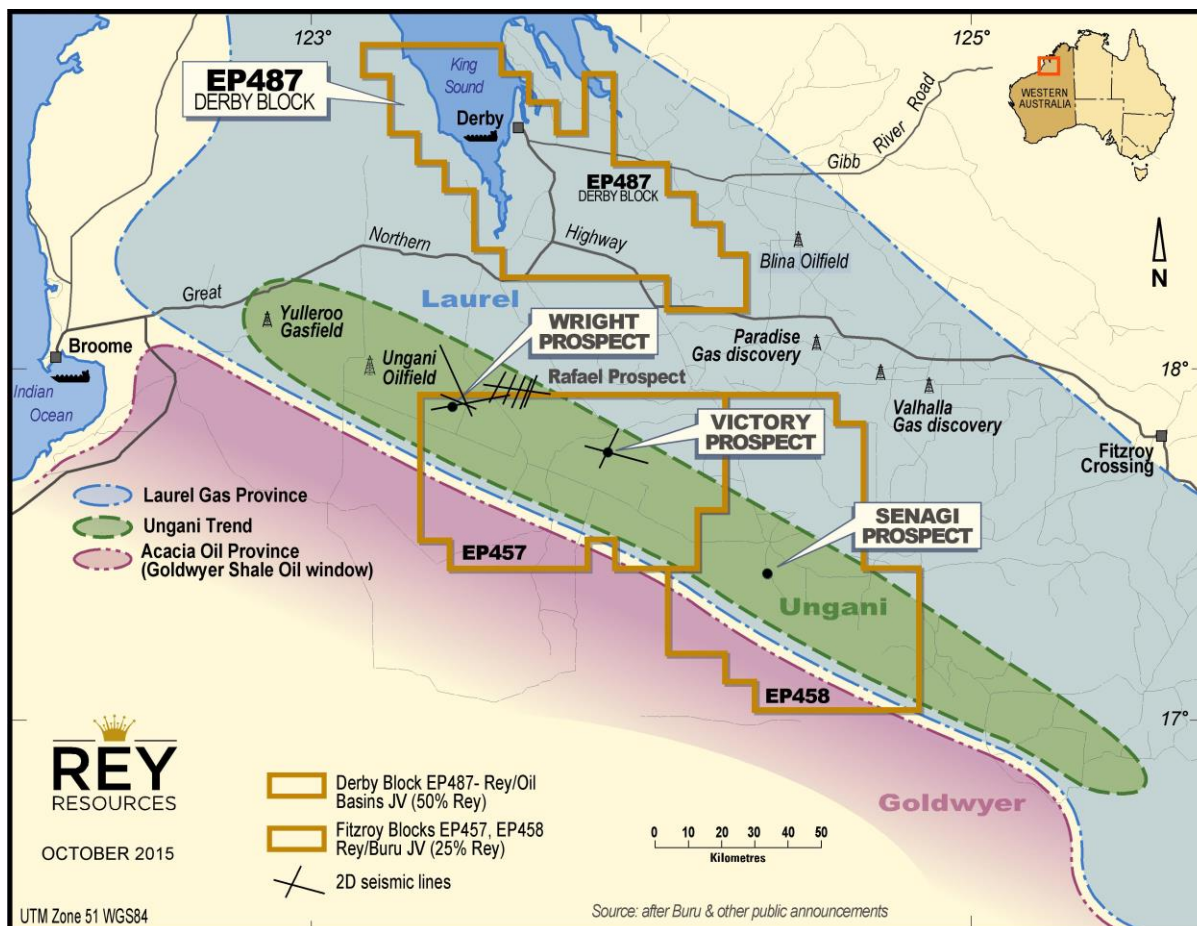


Figure 1: Location of Victory and Senagi in the Fitzroy Blocks.

For further information please contact:

Kevin Wilson

Managing Director +61 8 9211 1999

Competent Persons Statement

The technical information quoted has been compiled and/or assessed by Mr. Keith Martens who is a self-employed consulting professional geologist, and a continuous Member of the Petroleum Exploration Society of Australia since 1999. Mr. Martens has a BSc degree in geology/geophysics and has over 35 years' experience in the petroleum industry. Mr. Martens has consented to the inclusion in this report of the matters based on the information in the form and context in which they appear.