

“Advancing a new thermal coal project”

Kevin Wilson, Managing Director
July 2010

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For information on potential exploration targets please refer to the final page of this investor presentation. That includes definitions of First Production Target and Second Production Target.

Geological Attribution

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 Geoscientist ("AIG"). Dr Preston has sufficient experience to qualify as a competent person for the purposes of the 2004 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 matter 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

On track: unlocking value in 2010

- ✓ Defined large potential size of basin - 511 Mt thermal coal JORC resource
- ✓ 9-11 billion tonnes of exploration target coal (<350m depth)*
- ✓ Acquired lease & equipment & secured export capacity
- ✓ Completed pre-feasibility study demonstrating project viability
- ✓ Approved commencement of definitive feasibility study (DFS) - expected completion in 2011
- ✓ Appointment of Project Director Ron Hite to drive rapid completion of DFS
- ✓ Drilling recommencing after wet season expected to have reserve defined & new targets tested to increase resource
- ✓ Pathway to 2 Mtpa year thermal coal mine confirmed
- ✓ On-going discussions with potential partners continue

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* The inference and evidence of the above extensive geological work, compiled over some 40 years, and detailed evaluations by the Company's "Competent person" led to the Exploration Target of 30-36 Billion Tonnes of coal. This is an exploration target defined within the parameters of and in accordance with Clause 18 of the JORC Code, and is not an estimation of in-situ coal. This exploration target was obtained using average coal properties and seam thicknesses from previous drilling data and interpretation of geological information including seismic data and photo-interpretation. The information provided on this exploration target has not been expressed as an estimate of Mineral Resources or Ore Reserves and the target quantity expressed as a range and included 1) a detailed explanation for the basis of the statement and 2) that the potential quantity is conceptual in nature - with insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

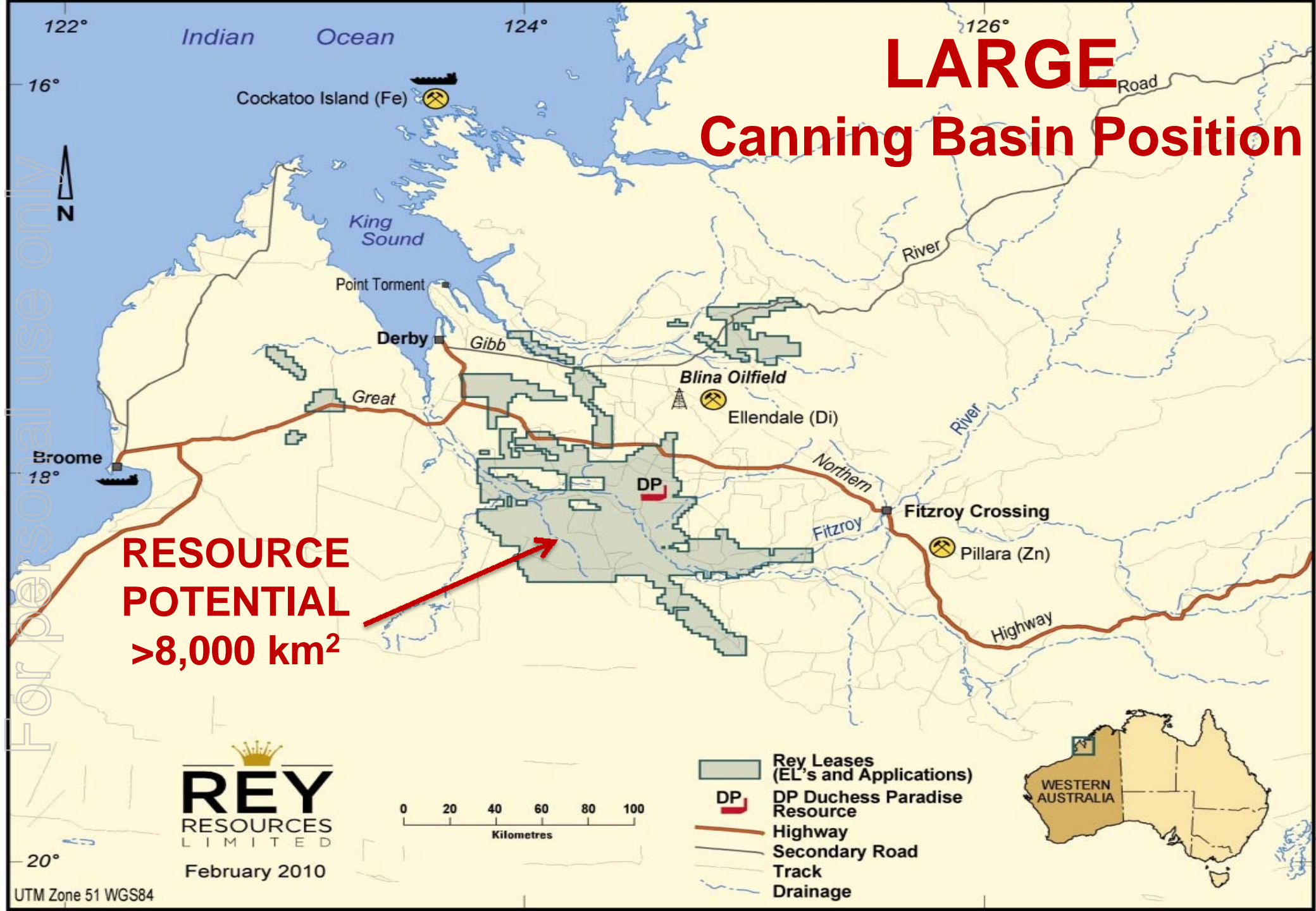
LARGE Canning Basin Position

RESOURCE
POTENTIAL
>8,000 km²

REY
RESOURCES
LIMITED
February 2010

0 20 40 60 80 100
Kilometres

- Rey Leases (EL's and Applications)
- DP Duchess Paradise Resource
- Highway
- Secondary Road
- Track
- Drainage



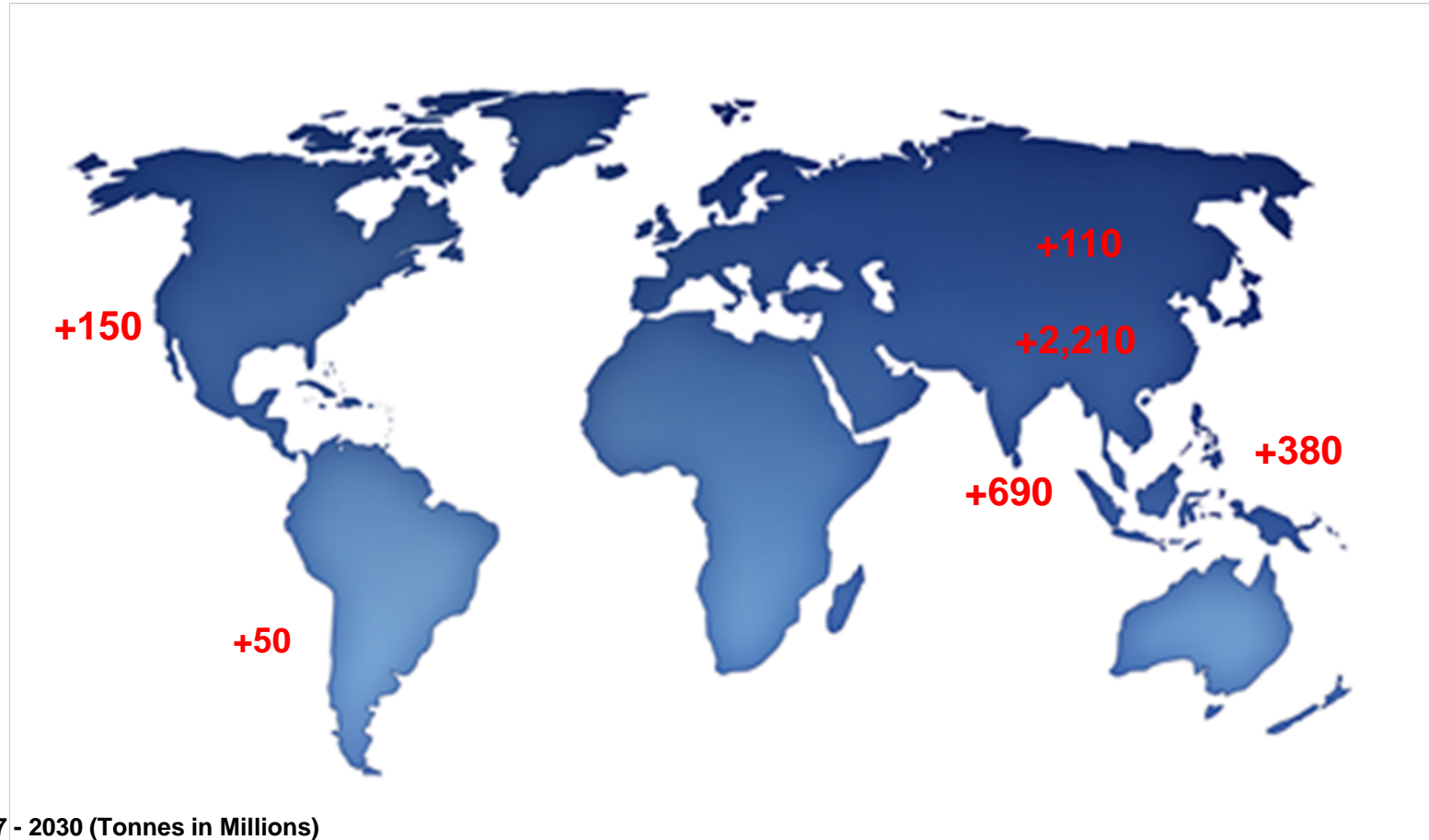
Well positioned to deliver

- ▣ Huge resource, massive potential
- ▣ Asian market demand strong & growing
- ▣ Ideal Canning Basin location - potential to become major supply centre for thermal coal to India & China
- ▣ Low capital costs for initial export operation offer potential strong returns
- ▣ Thermal coal market remains robust & expected to improve further
- ▣ Not infrastructure constrained



All time calculations based on 12 knot cruising speed

Asia: 90% of long-term coal demand



Growth 2007 - 2030 (Tonnes in Millions)

Source: World Energy Outlook 2009, International Energy Agency; Annual Energy Outlook Forecasts, Energy Information Administration; Peabody analysis.

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Electricity demand driving coal use

| | Coals' % electricity generation | New coal plants in 2010 | |
|---------------|---------------------------------------|----------------------------|-----|
| | | GW | Mt |
| China | 80 | 55 | 212 |
| India | 65 | 17 | 80 |
| Other Asia | | 8 | 30 |



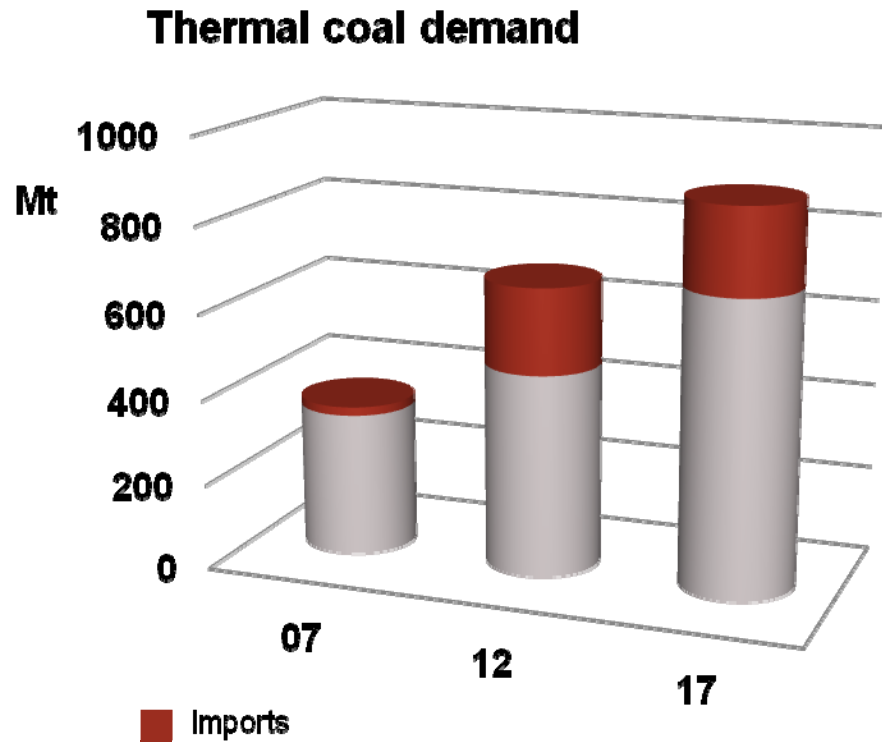
Source: Peabody, Energy Administration Information



Imports needed to meet coal use

- Forecast India coal imports 2013
 - Peabody: 120-140Mtpa
 - Coal India: up to 200Mtpa*
- Vs 2008 thermal imports 20Mt
- **Implying growth of 100Mt in 3 years**
- Current Asian suppliers China and Indonesia face growth constraints

* Mostly thermal but some coking coal

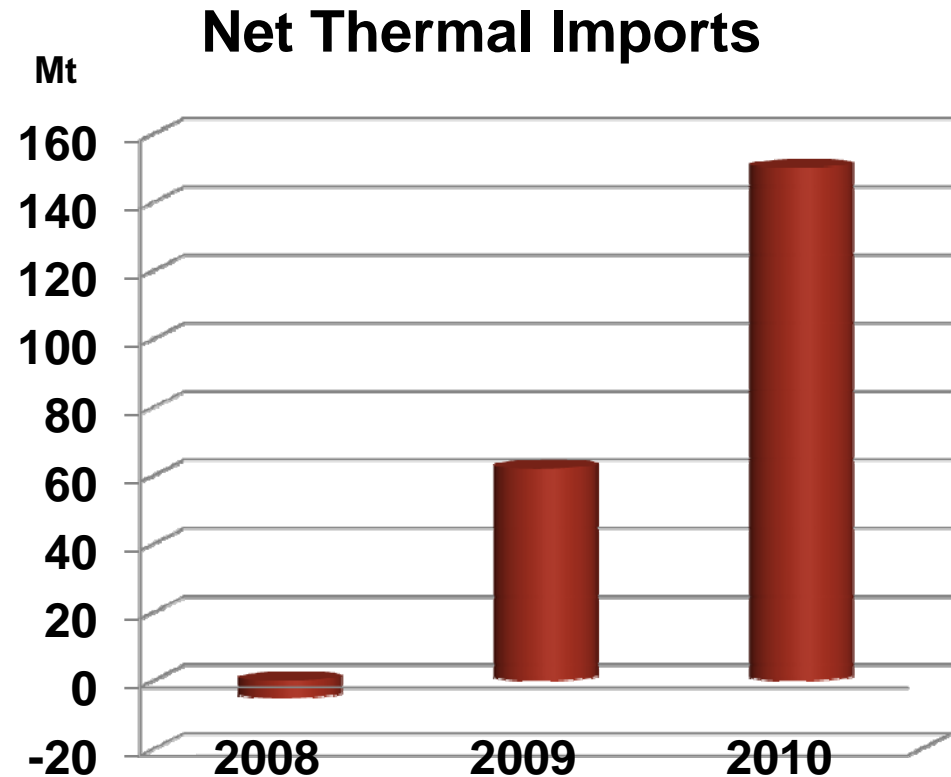


China's imports already doubled

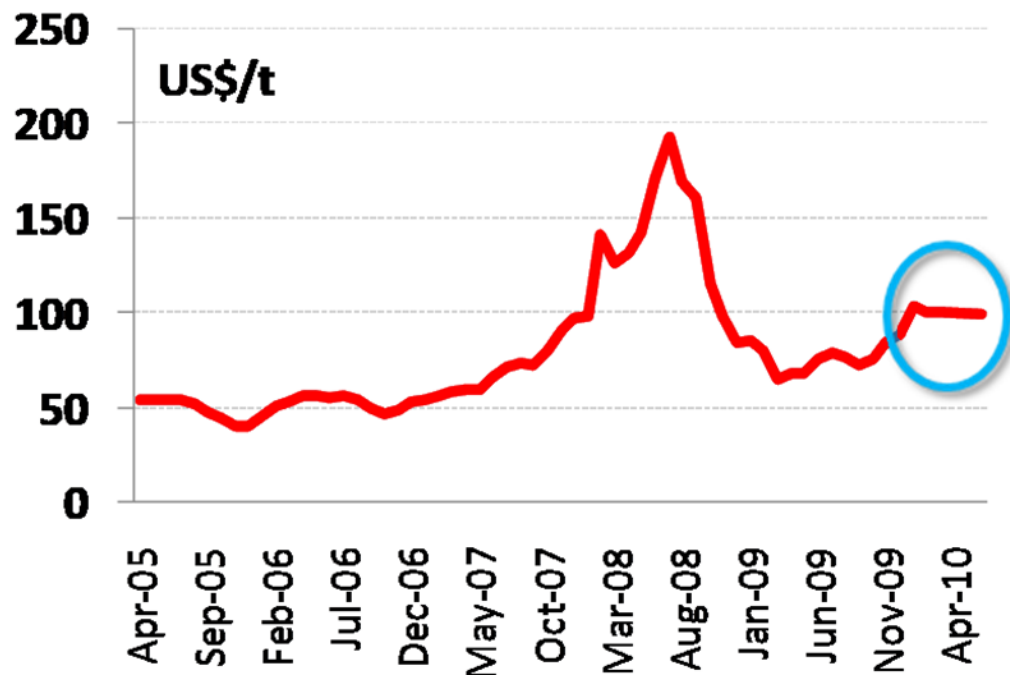
- ▣ 2015 forecast*: net additional imports 15-40 Mt
- ▣ But.... 2010 China will import 150 Mt of coal*!

* Source: ABARE March 2010

* Source: Post Carbon Institute May 2010



Spot thermal prices rising



Leading broker forecasts for thermal coal contracts - US\$/t

| Broker | FY 10 | FY11 |
|--------|-------|------|
| 1 | 95 | 110 |
| 2 | 70 | 90 |
| 3 | 70 | 90 |
| 4 | 90 | 90 |
| 5 | 85 | 95 |
| 6 | 90 | 90 |

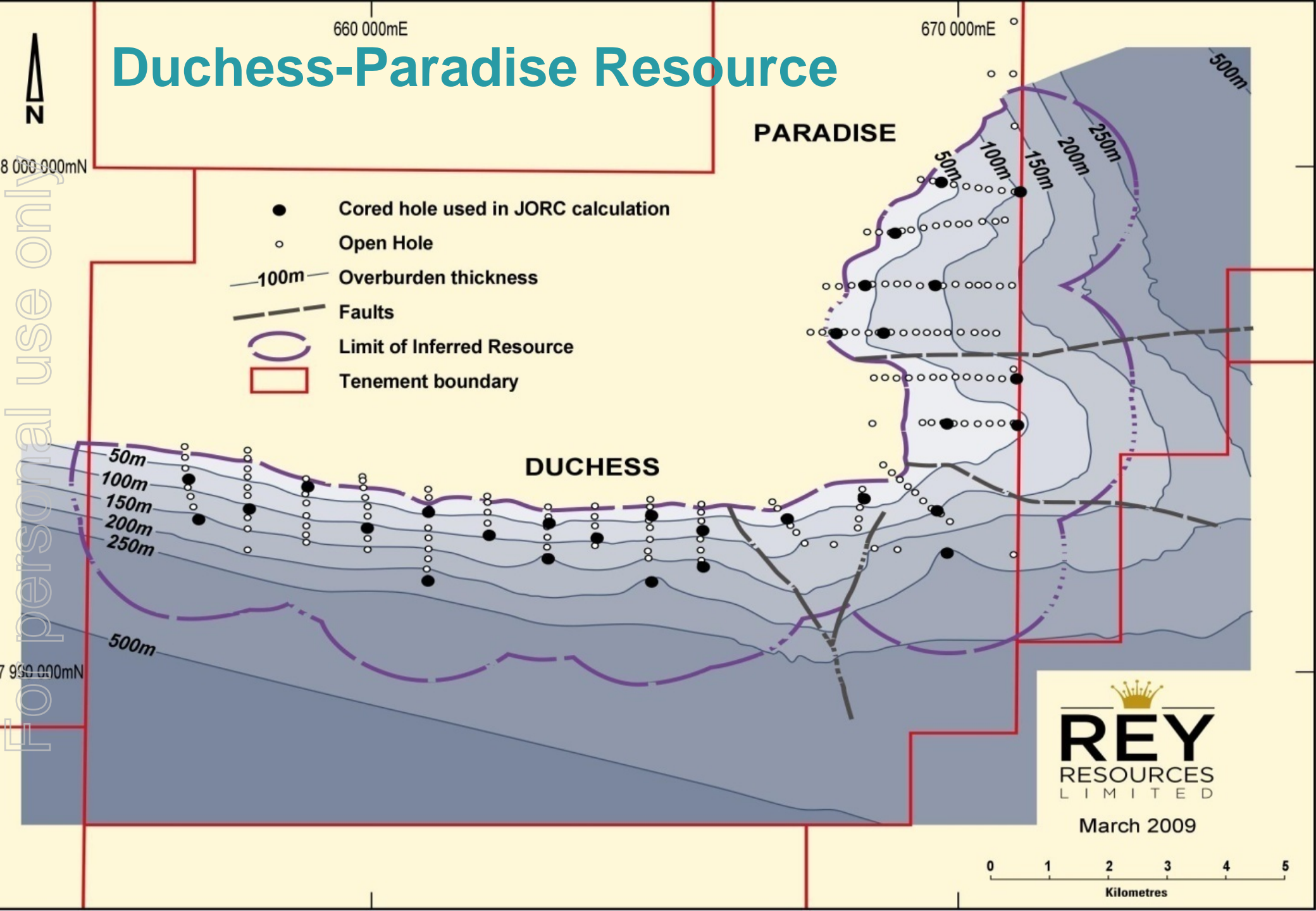
Source IMF: 12000- btu/pound, less than 1% sulfur, 14% ash, FOB Newcastle/Port Kembla; Various broker reports

Positive Pre-Feasibility Study

- ▣ **Simple** highwall mining operation (HWM) proposed
- ▣ **Low** capital costs – A\$103M
- ▣ Production to commence in **2013**
- ▣ Initial operation of 2 Mtpa from HWM generates:
 - ▣ Pre tax IRR of 34% at current prices and exchange rates
 - ▣ Pre tax NPV = \$88M at A\$/US\$ 90c and \$161M at A\$/US\$ = 80c
- ▣ Additional HWM possible – drilling planned
- ▣ Conceptual work supports much larger operations



Duchess-Paradise Resource



Initial Operations

- ▣ Uses only 20Mt of current resource - upper seam (P1)
- ▣ Washed product (approx specs, adb)
 - ▣ 5,500-5,800 kcal/kg
 - ▣ 11-15% ash
- ▣ Truck along Great Northern Highway
- ▣ Wharf at Derby for barge to bulk carriers
- ▣ Export to Asian power generation markets
- ▣ Initial 8 year life



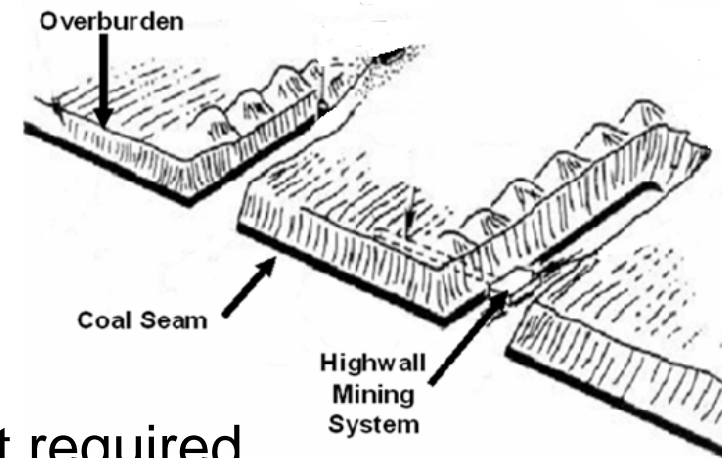
**LEASE
AREA**

...Derby Wharf for barge loading

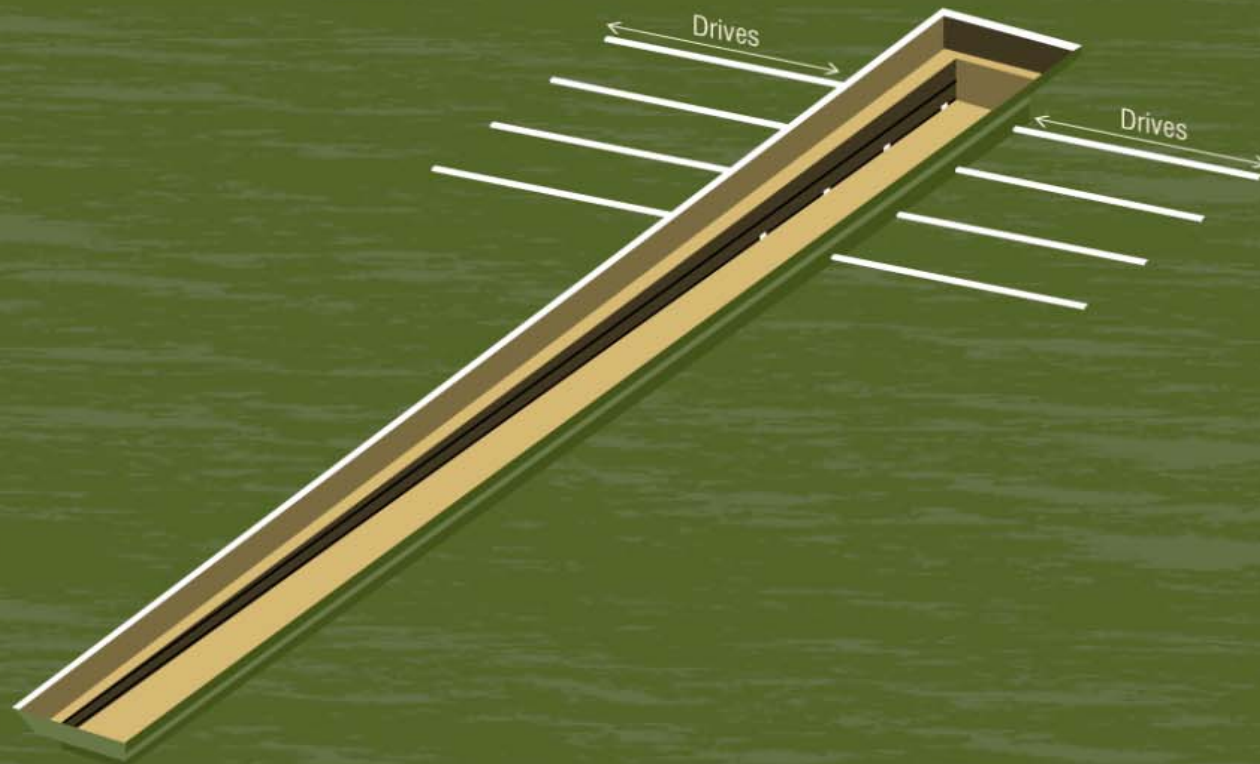


Highwall mining

- Slot is cut - HWM equipment moved in
- Mining each side of slot
- Slots down dip with HWM along strike
- Lower capital than open pit – large pre-strip not required
- Better coal quality control due to selective mining
- SHM system highly efficient
 - ▣ capable of substantial coal production levels



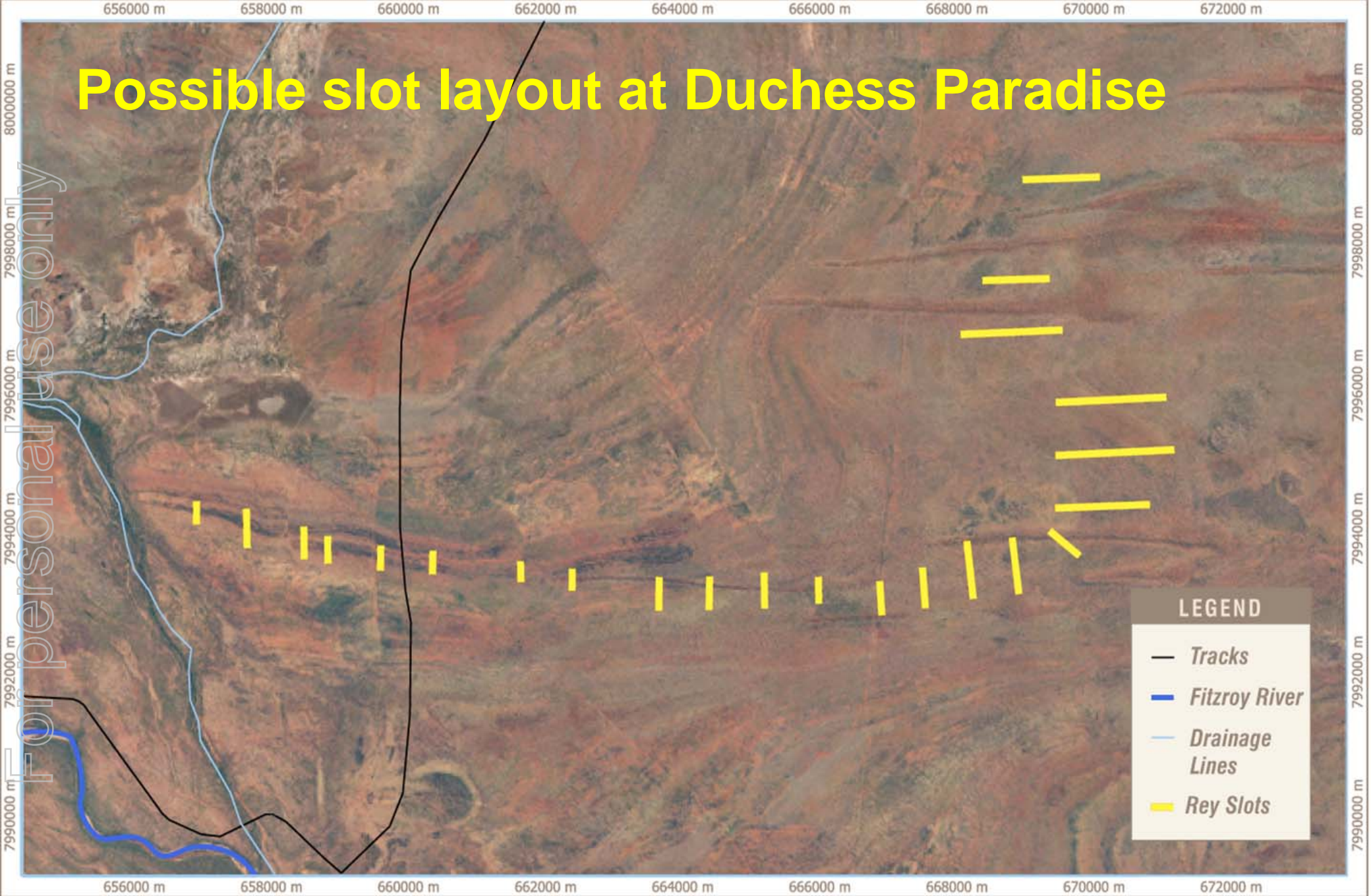
Duchess Paradise Conceptual Highwall Mining Series of mining – “drives” to 300 m



Indicative slot development

Possible slot layout at Duchess Paradise

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Duchess Paradise Coal Project – Proposed 8 Year HWM

Definitive Feasibility Study Underway

- ▣ DFS for HWM operations commenced
- ▣ Specialist project director appointed, Ron Hite, Project Director
 - ▣ extensive experience to drive project development & build team
- ▣ Apply for Mining Licence
- ▣ Continue environmental studies & community discussions
- ▣ Marketing discussions initiated
- ▣ Resource definition drilling
- ▣ Also 18,000 m drilling program to add to resources in north
- ▣ Cost estimated \$10M – funds available

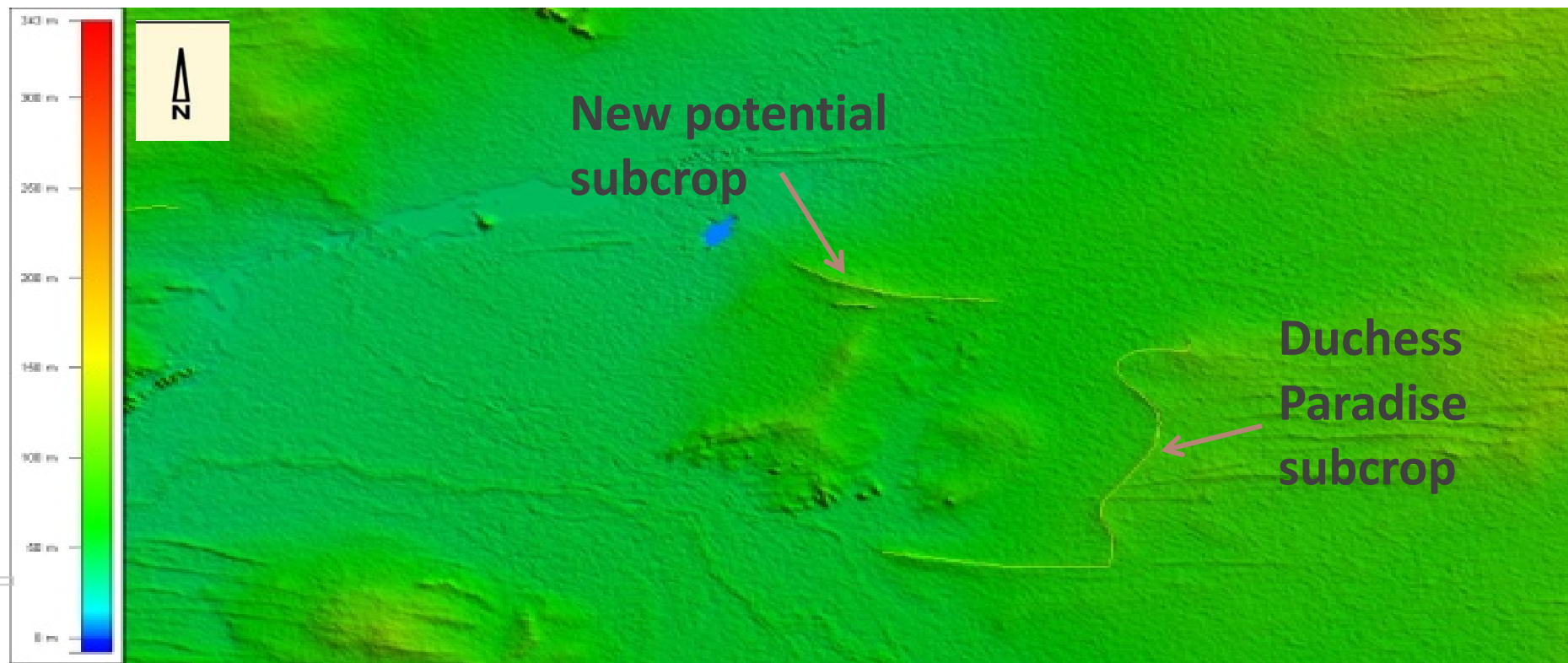


Studies for Larger Operation

- Next stage conceptual 4Mtpa + longwall operation
- Underground mining & transport option studies
- Results to form basis of DFS on larger operations
- Upgrading & extending resource to support mining operations at this scale
- Still small part of overall basin potential



New potential subcrop identified



Satellite image : NASA SRTM Version2.1, ~30x30m (or 3 arc seconds resolution)
pixel size topographic data - Feb 2000

0 Kilometres 10

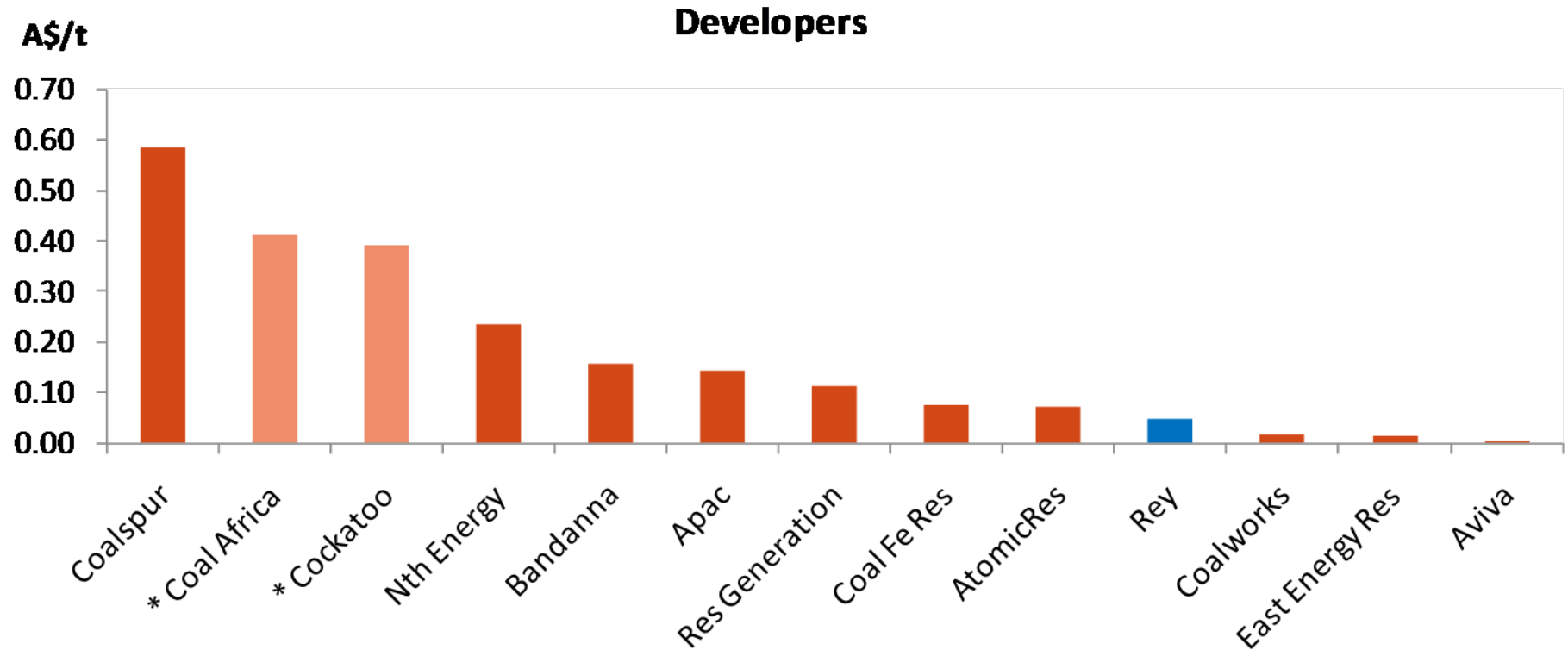
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Why invest in Rey

- ✓ 100% of large resource and potential
- ✓ Only 20km of >300km of potential subcrop tested
- ✓ Multi-operation potential in basin
- ✓ First production estimated to take place in 2013
- ✓ Development CAPEX relatively low (existing infrastructure)
- ✓ Outlook for thermal coal price - very strong
- ✓ Experienced management team delivering on project & will continue to do so
- ✓ Supply-demand balance in the coal sector ensures profitability



Enterprise Value / Resource Tonne



* Small operations ; source: Company data, IRESS

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Corporate



| | | |
|--------------------------------|---|-----|
| ASX code | REY (listed 2006) | |
| Shares on issue | 258.6M | |
| Options | 6.2 M | |
| Share Price | 16c (June) | |
| Market Cap | \$50M | |
| Cash | \$12.5M | |
| Major Shareholders | Gujarat NRE Minerals | 12% |
| | National Nominees | 10% |
| | J P Morgan Nominees | 7% |
| Non-Executive Directors | Julian Ludowici (Ch), Alan Humphris, James McClement | |
| Executives | Kevin Wilson (MD), Bruce Preston (tech dir), Ron Hite (project dir) | |



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