

ASX Release
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Uranium JV allows increased focus on coal developments

Highlights

- **Agreement reached with Uranium Exploration Australia to explore for uranium at Myroodah in the Canning Basin, W.A.**
- **Historical exploration shows sandstone-hosted uranium grading up to 480ppm U3O8 in limited drilling**
- **Agreement allows Rey to focus on the trench mining definitive feasibility study and underground studies, while still adding value for shareholders**
- **Rey is establishing experienced team to develop coal projects**
- **Advanced discussions continue on disposal of other non core assets**

About Rey:

Rey Resources (REY) is focusing on the development of its thermal coal properties. It owns coal, oil and gas tenements in the Canning Basin region near Derby in Western Australia that have excellent potential for medium to large scale development. The company aims to create shareholder value through the development of its coal properties and the divestment or joint venturing of its other properties.

Canning Basin

Rey Resources Limited (ASX:REY, "Rey Resources") is evaluating thermal coal export operations based on the Duchess Paradise Project which is part of the Company's Canning Basin Coal Leases. These leases encompass over 8,000 square kilometres in the Fitzroy Trough of the Canning Basin in Western Australia (Figure 1).

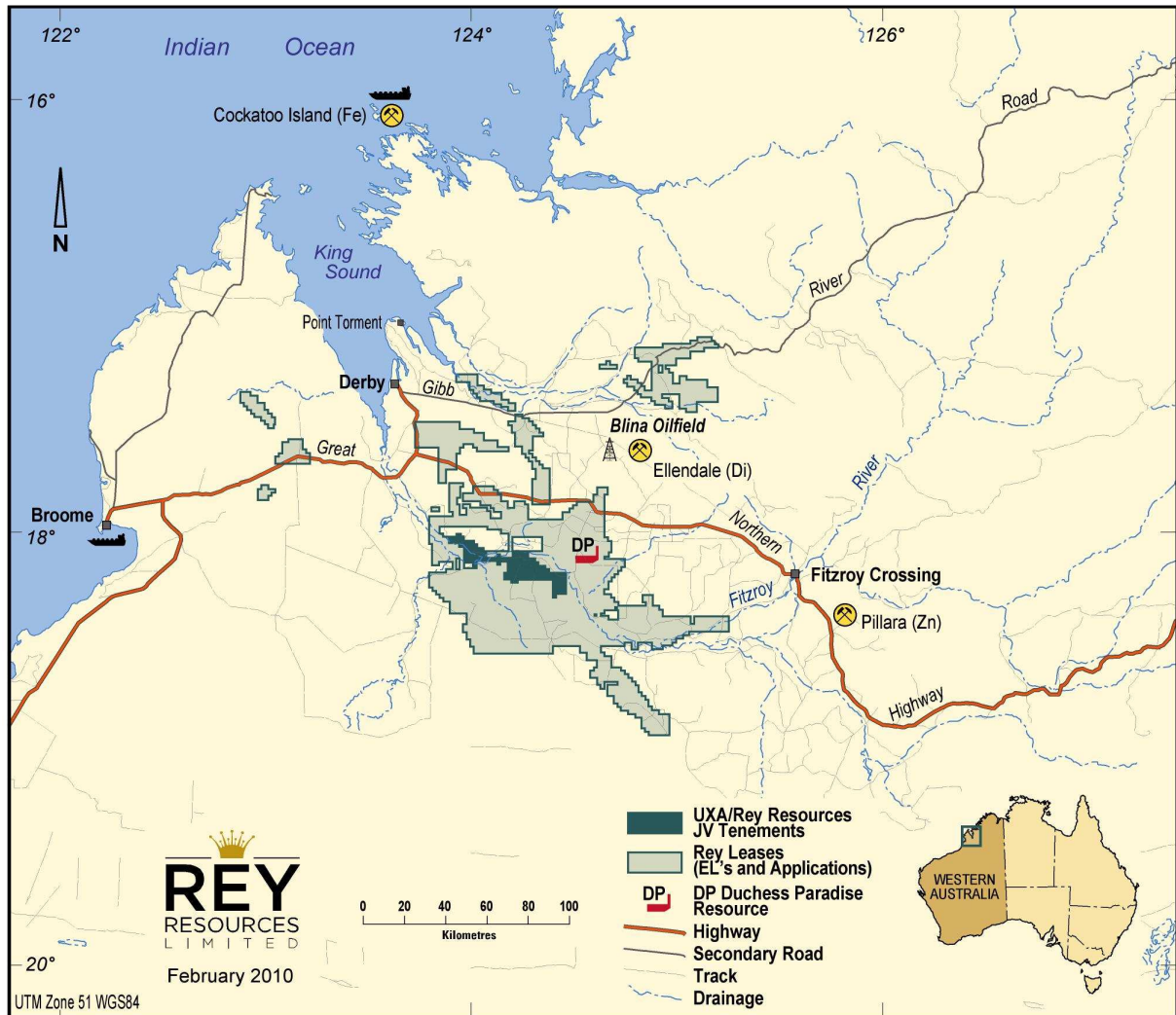


Figure 1: Location of Duchess Paradise Project and uranium JV lease areas

Uranium Joint Venture

The leases are also prospective for a number of other commodities, including uranium, which was first discovered at Myroodah by CRAE in 1978. The mineralisation appears to be of rollfront - sandstone hosted style with grades calculated from down hole gamma logging of 0.1 kg/t to 0.48 kg/t (480 ppm) U₃O₈ over widths of 1.0m to 3.0m. No exploration for uranium has been conducted since 1981.

Rey has signed an agreement with Uranium Exploration Australia Limited ('UXA') to explore for uranium at Myroodah. UXA can earn up to 80% by spending \$1.75 million on the two granted exploration licences, while Rey retains all the rights to the coal on the leases. This allows Rey to demonstrate additional value in its tenements, while it focuses on the development of the coal projects.

Rey Mobilises for Definitive Feasibility Study

Rey is establishing a team to undertake the definitive feasibility study into trench highwall mining at Duchess Paradise. The appointment of a high calibre project director expected shortly.

Further potential for value capture

Rey is continuing discussions with potential partners for the coal projects. These are expected to demonstrate the value in the multiple coal projects in the basin.

Discussions on the joint venturing of leases for other commodities or the disposal of non-coal leases are well advanced. This will allow management to focus on progressing the coal projects.

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