



ASF GROUP LIMITED

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The Manager
Company Announcements
Australian Stock Exchange Ltd
20 Bridge Street
Sydney 2000
via: www.asxonline.com

Dear Madam/Sir

ASF BECOMES CORNERSTONE INVESTOR IN REY

Investment in Rey Resources Limited

ASF Group Limited (ASX: AFA) is pleased to announce that on 15 June 2012 it has entered into two subscription agreements (the “**Subscription Agreements**”) with Rey Resources Limited (ASX: REY) pursuant to which ASF will subscribe for up to 115 million new ordinary shares in the capital of Rey at \$0.12 per share (the “**Rey Subscription**”). Upon completion of the Rey Subscription, ASF will hold an interest of approximately 22.7% of the enlarged issued capital of Rey.

The Rey Subscription will take place in two tranches. ASF will subscribe for 25 million Rey shares within three business days from the date of the Subscription Agreements. The subsequent subscription of 90 million Rey shares is subject to approval by the shareholders of Rey, to be sought within 60 days from the date of the Subscription Agreements. If Rey shareholder approval to issue and allotment of the shares is obtained, ASF will also have the right to have 2 nominee directors appointed to the Rey Board.

Rey has a large holding of exploration tenements in the Canning Basin of Western Australia including the Duchess-Paradise thermal coal project which is the subject of a Mining Lease Application, and which are immediately adjacent to tenements held by ASF’s associate, ASF Resources Limited.

ASF will seek to assist Rey to facilitate the development of its Duchess-Paradise project as a thermal coal mine, exporting coal through the port of Derby and has been granted a 60 day exclusivity period on negotiations with respect to a potential transaction.

ASF is in a sound financial position after a successful half-year. Consolidated profit reported for the half year ended 31 December 2011 was approximately \$23.7 million.



As part of its ongoing investment strategy, ASF intends to raise additional capital from potential investors in order to complete this investment and other possible investments in the sector.

Background on Rey

Rey Resources Limited is an Australian, ASX-listed resource exploration and development company with project interests in the Canning Basin, Western Australia. The company's primary focus is Duchess-Paradise project, a potential thermal coal export project situated on a pastoral station approximately 175km southeast of Derby.

Following a successful Definitive Feasibility Study completed in June 2011 and subject to approval requirements, Rey announced plans to develop a mine and export coal via existing facilities at Derby port.

www.reyresources.com

Background on ASF

ASF is unique among ASX-listed public companies in Australia as a creator and facilitator of two-way cross-border investments, trade and technology transfers between China and Australia.

Since its transformation into a Sino-Australian diversified investment and trading house in 2006, ASF has focused principally on the identification, incubation and realisation of embryonic opportunities in the resources, commodities trading and residential real estate sectors, with a secondary involvement in travel and financial services.

With the successful monetisation of several of its projects in 2011, ASF now has proven expertise in the transformation of early-stage Australian resource opportunities into deliverable projects through joint venturing with its expanding network of major Chinese mining, trading and strategic investor partners.

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