

Development Targets identified at East Menzies Gold Project Scoping and Pit Optimisation to Commence

- REZ has completed a target evaluation over the Central West part of the EMGP
- Opportunities for small scale open cut development have been identified
- Additional drilling planned to firm up resources available for development
- Targets are within granted MLs and supported by existing drilling results

OVERVIEW

Resources and Energy Group Limited (ASX: REZ) provide an update on the East Menzies Gold Project (EMGP). Scoping and pit optimisation studies to investigate opportunities for renewed mining operations have commenced. The study will focus on three contiguous mining leases, M29/189, Granny Venn, M29/141 Goodenough, and M29/427 Maranoa, refer Figure 1. These mining leases have been the subject of previous exploration including open cut and underground mine development. Investigations will be specifically directed at the potential of these mining instruments to support small scale mine development options with emphasis on utilizing existing facilities, approvals and 3rd party mining and processing contractors. This strategy offers potential for cash generation to support ongoing exploration in the broader EMGP tenement package. Exploration Targets for all three ML's have been identified, refer Table 1, and will be the subject of further study to identify what other work, including drilling would be required to convert the existing targets to JORC 2012 resource standard.

Tenement	Prospect	Lower Bound (COG @ 1gt/ au)			Upper Bound (COG 0.5gt/au)			Status
		Tonnes	gt/Au	Contained Au	Tonnes	gt/Au	Contained Au	
ML29/189	Granny Venn	200,000	1.9	12,219	300,000	1.4	13,505	Exploration Target
ML29/141	Goodenough	700,000	1.9	42,765	830,000	1.7	45,370	Exploration Target
ML29/401	Maranoa	45,688	5.5	8,080	49,696	5.1	8,150	Exploration Target
Total		945,688		63,000	1,179,696		67,000	

Table 1 Exploration Targets ⁽¹⁾

These quantity and grade estimates are conceptual in nature, and there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

ML29/189 Granny Venn

The original Granny Venn open cut was developed in 1998-1999, and was based on a pit design optimised at a gold price of \$454/oz. The optimised pit recovered 532kt of ore which

(1) Volumes may not add up due to rounding

was processed at the Paddington Gold Mill at a head grade of 3.52g/t with 94% recovery of contained metal for 60k oz Au. An additional 68kt of low-grade ore with an estimated grade of 1.3gt/au remains on site.

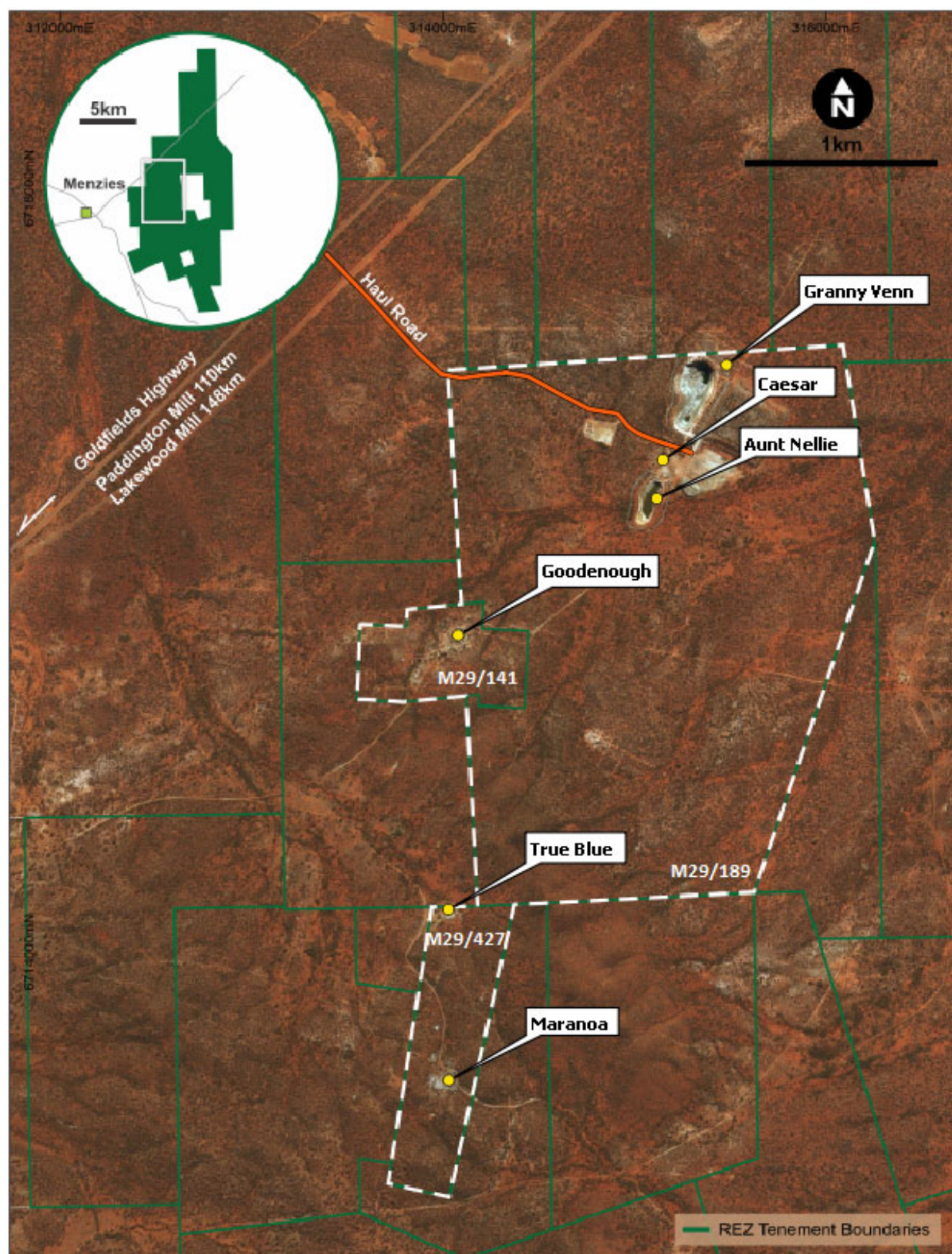


Figure 1 Project Location Plan

The mineralisation at Granny Venn is primarily associated with rafts of boundinaged dacite which are part of a highly deformed bimodal volcanic suite. Mineralisation within the dacite

occurs in the high points of shallow open and north plunging, non-cylindrical F2 antiforms. The boudins are encapsulated within a deformed sequence of actinolite-tremolite-chlorite talc schists, as displayed in Figure 2. Gold mineralisation is also noted to occur in porphyry lenses within the schist, and as quartz veins on the selvages of the intrusives. Higher-grade occurs in pressure shadow areas proximal to the granodiorite margins and is associated with sulphide mineralisation.

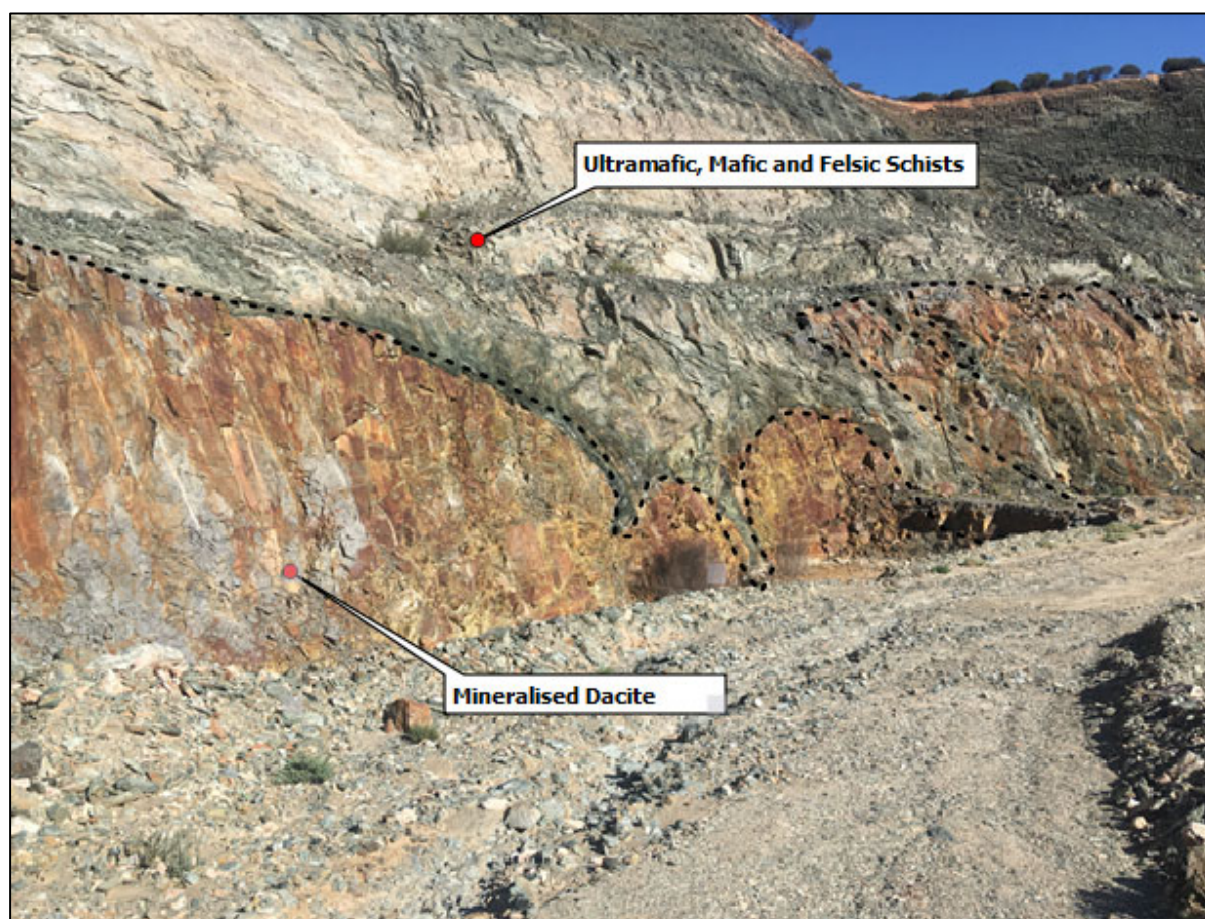


Plate 2 Mineralised Granodiorite Boudins-Granny Venn NW Highwall

The remnant ore at Granny Venn can be considered an Exploration Target in the range of 200kt@1.9gt/Au for approximately 12,200 oz Au and 300kt@1.4gt for approximately 13,500oz Au. These lower and upper bound target estimates are constrained by wireframe modelling completed by the former operator ⁽²⁾, and most recently updated by REZ. The interpretation was based on a total of 201 RC drill holes for 14,600m drilling which provided 10,400 sample intervals with assay fields ranging from 0.01 Au ppm to 190.6 Au ppm. The drilling was completed on 20m spaced east to west lines and drillholes on nominal 10-15m centres, across the full width and length of the Granny Venn Pit.

The lower and upper bound targets represent the tonnes of ore remaining outside the Granny Venn mine void at a cut-off grade of 1gt/au, and 0gt/au, respectively. In both cases a density of 2.7 has been applied, and volumes within the mineralised wireframe further constrained to a RL of 350m or approximately 35m below the current pit floor at its deepest point.

(2) REZ Notice of Meeting ASX release 22nd November 2018

Figure 3 is a long section, facing west, through the Granny Venn Ore body and is illustrative of the extent and tenor of mineralisation which was not captured in the original Granny Venn open cut development.

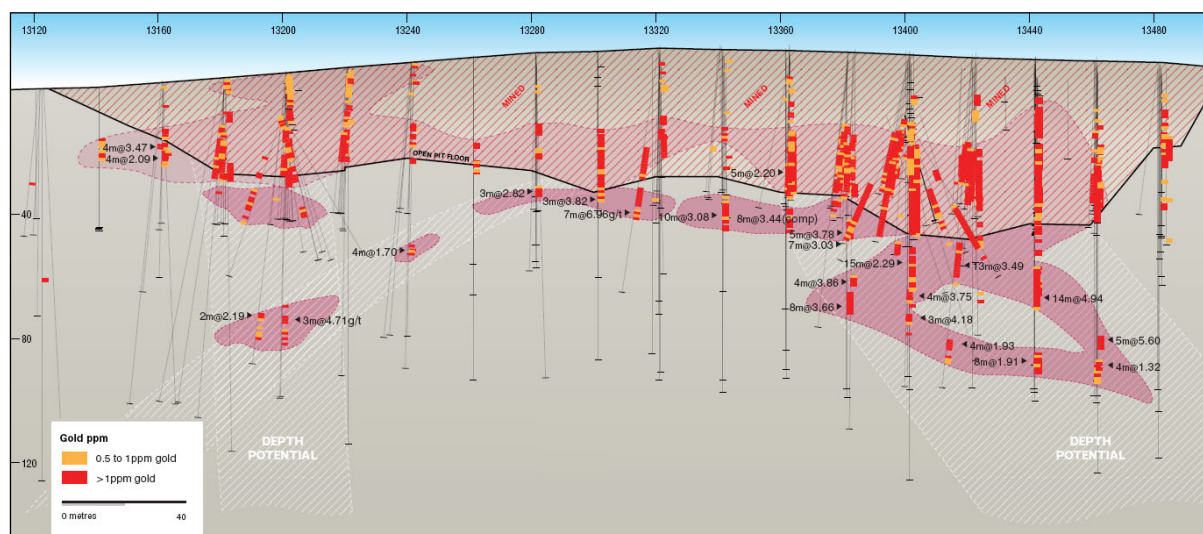


Plate 3 Granny Venn Long Section Facing West showing Current Pit outline

Given the current buoyant gold price, these remnant ore volumes, and grades may provide an opportunity for a small, low cost open cut operation.

A pit optimisation study, using a contemporary gold price and operating cost regime will now be undertaken to identify the amount of remnant ore at Granny Venn which could be economically recovered. This will also include a gaps analysis, and mine planning to identify what further work would be required to convert the existing targets to JORC 2012 standard and to commercialise the resource. The drilling density is already quite high, and it is envisaged that only a small amount of verification work will be required to upgrade the target to a JORC resource.

Key factors in favour of pursuing this approach are that the original Granny Venn Project was a successful mining exercise; the metallurgical character of the ore is exceptional and its gold recovery through a conventional CIL process route is well understood. The target estimates are based on a close spaced drilling pattern which also provides a higher order of confidence. Variances to the original resource model were positive and resulted in additional ore production on or at the modelled grade. Further, any renewed operations would only require a relatively minor modification to an existing approved mining proposal.

The facilities at Granny Venn include a 2.5km long haul road with direct access to an approved turn-out onto to the Goldfields Highway from the mine site. ROM stockpile pads and hardstands, with cleared levelled areas suitable for administration facilities and HEMM traffic have been retained on site. An extension to the Granny Venn waste emplacement has also been approved as part of a mining proposal by the former operator in 2017.

ML29/141 Goodenough

Further modelling and pit optimisation work will also be carried out on adjoining tenements M29/141 Goodenough, and M29/427 Maranoa. These ML's have been traditionally viewed

as underground prospects. However, exploration completed by the company and analysis of results indicate potential for smaller scale open cut operation, targeting higher grade ore at shallow depths. Historical open cut and more recent shallow underground mining operations at Goodenough have collectively recovered 29kt@18.2gt/au for 17.5koz/au which provides some context to this approach.

The Goodenough Project is located within a significant mineralised structure which is characterised by a broad fault bounded syncline which plunges 35° and is open to the South. A strong conductivity anomaly is associated with this structure and is attributed to a 1-5m thick mineralised interflow sequence of sulphidic chert, carbonaceous shale, and tuffaceous sandstone. The mineralisation is represented by Pyrite and Pyrrhotite with a Quartz and Gold association. The interflow sediments occur between felsic schist and tuff-porphyrries below and hanging wall amphibolite-mafic basalts above.

Gold mineralisation is not constrained within the interflow sequence itself. Previous exploration and recent investigations completed by REZ also indicate that higher grade mineralisation (as opposed to the lower grade planer mineralisation in the interflow sequence) is structurally controlled by a subset of high angle south plunging shoot systems. Where these shoots intersect the interflow sediments, higher grade mineralisation has been encountered. These shoots strike NNE across the Goodenough Syncline and have been the focus of previous underground and open cut development.

The Goodenough prospect can be considered an Exploration Target in the range of 700kt@1.9gt/Au for approximately 42,700 oz Au and 830kt@1.7gt for approximately 45,400oz Au. These lower and upper bound target estimates are constrained by wireframe modelling completed by the company. The wireframe interpretation is based on exploration results previously released by the company ⁽³⁾.

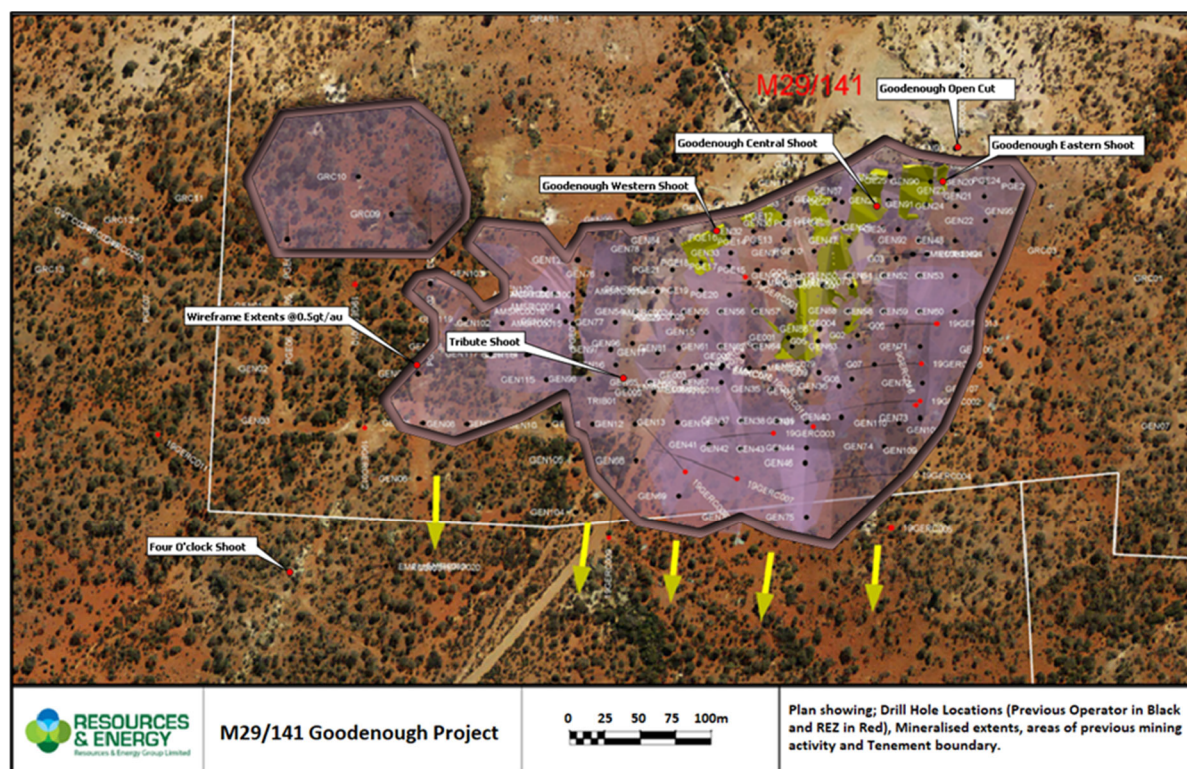


Figure 4 Goodenough Drill Hole Location Plan and Mineralised Extents

(3) ASX Releases 03/07/2019 and 26/09/2019

Figure 4 shows the location of previous drilling at Goodenough. This comprises a total of 236 RC drill holes for 14,607m drilling which encountered 239 mineralised intervals at COG 0.5gt/au ranging in thickness from 1m to 14m. This drilling provides points of observation typically ranging from 15 to 50m on an open irregular pattern across the width of the Goodenough Syncline.

The mineralised extents to generate the Targets are shown on figure 4, together with the location of previous mining activity. A pit shell analysis based on the current wireframed model will be carried out to identify an optimised pit shell from which a Resource could be derived using the JORC 2012 guidelines. It is expected that this work will also generate additional sites for drilling.

ML29/427 Maranoa

Maranoa is the largest of a significant line of high-grade historical workings situated south of the Goodenough Mine with reported historical production 9,500t@27.8gt for approximately 8,800 oz Au which was milled on site. Others in the group include Kensington, True Blue, Alexandra, Picton, Sunday Gift, Viking, Brilliant and Luxemburg, Four O'clock, Brown Hill and Rising Sun. Old production records show they are high grade, for example Kensington 31.8g/t, and Sunday Gift 53.6g/t.

Mineralisation is characterized by tabular quartz/amphibole veins within dilatant fault openings, which are themselves enclosed within a relatively fresh fine-grained metabasalt from surface. The shear zones average 3-5m in thickness, strike approximately 17° and have a steep sub-vertical dip to the south-southeast.

Although characterized by high grade, wall rock alteration into the fresh basalt is minimal, and the basalts themselves are in the main barren. Consequently, Maranoa represents a lower tenor tonnage deposit. However, the high grades may support a small slot style open cut.

Maranoa is the subject of an existing JORC 2012 MRE comprising an inferred resource of 49kt @ 5.12gt at a COG of 0.5gt/Au ⁽⁴⁾. This estimate is constrained by the extent of drilling along a strike length of approximately 125m and has been depleted to reflect previous mining activity.

To upgrade this classification to Indicated level resources, REZ proposes to complete additional field work. This work is expected to add resources in areas of the mineralised shear zone that lack sufficient sample data to be classified under JORC.

Work is expected to include drilling of additional RC holes to generate grade data along strike to the north, south, and down dip. Running a Whittle optimisation to confirm likely extents of open pit mining, as well as completing a basic underground mine plan and cost estimate will also be carried out.

Competent Persons Statement and Consent

The information in this release that relates to Exploration Results and Targets is based on and fairly represents information compiled by Mr. Michael Johnstone who is a member of the Australasian Institute of Mining and Metallurgy, and Principal Consultant for Minerva

(4) REZ Notice of Meeting 22nd November 2018

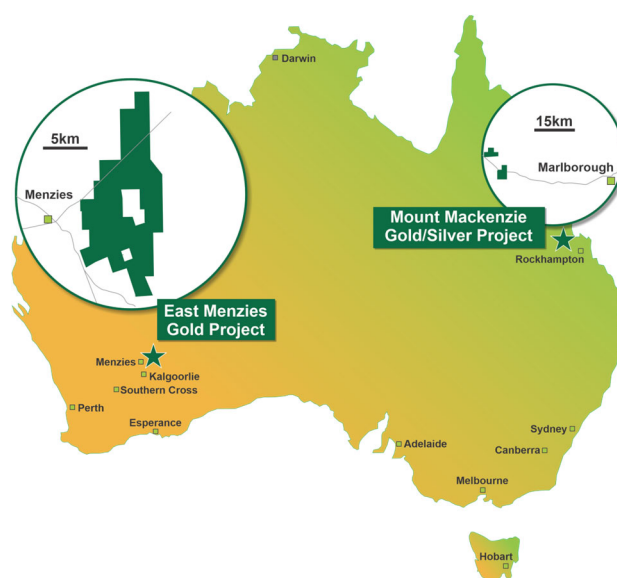
Geological Services (MGS). MGS has been contracted by Resources and Energy Group to provide Exploration Management, technical advice, and guidance to the company. Mr. Johnstone has sufficient experience that is relevant to the reporting of Exploration Targets and Results to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Johnstone consents to the inclusion in this release of the matters based on their information in the form and context in which it appears.

About Resources and Energy

Resources and Energy Group Limited (ASX: REZ) is an independent, ASX-listed mineral resources explorer, with projects located in key mining jurisdictions in Western Australia and Queensland.

In Western Australia, the company's flagship is the East Menzies Gold Project (EMPG), situated 130km north of Kalgoorlie. The EMPG represents a 112km² package of contiguous mining, exploration, and prospecting licenses, which are located within a significant orogenic lode gold province. For resource growth, the company's focus is presently exploring the eastern side of the project area. An advanced program of air-core drilling is currently underway in this area to investigate a large regolith gold anomaly.

In Queensland, the company has a 12km² Mineral Development Licence over the Mount Mackenzie Mineral Resource and retains a further 15km² as an Exploration Permit. These Development and Exploration Licences are in the Connors-Auburn Arc and are prospective for high, intermediate, and low sulphidation gold and base metals mineralisation. The current resource has been estimated at 3.42Mt @ 1.18g/t gold and 9g/t silver for a total of 129,000 oz gold and 862k oz silver. An initial scoping study for the project shows a positive net \$63m of free cash excluding any option to produce a concentrate from the primary ore.



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Approved for Release by the REZ Board