

ASX Release

31 July 2020

June 2020 Quarterly Activities Report

East Menzies Regional Drilling Program Recommenced

Highlights

- **East Menzies Gold Project:**
 - High grade results from Demeter resampling to 5.37gpt Au
 - 95 AC holes for 2,946 metres completed at Chronos and Kore prospects.
 - Regional drilling continues at Kore, Rhea and Athena.
 - 3 additional prospecting licences granted.
- **Radio Gold Project sold and sale price received**
- **Mount Mackenzie Gold Project resource updated to 129koz gold and forecast FCF of \$54m.**

Resources & Energy Group Limited (ASX: **REZ** or the **Company**) is pleased to provide its June 2020 Quarter Activities and Cash Flow Reports.

East Menzies Gold Project (EMGP) – Western Australia

Field activities at the EMGP included resampling of previous air core results indicate mineralised veining at Demeter grading up to 5.37gpt Au. Ground reconnaissance also provided additional information to fine tune the programme in anticipation of resuming drilling.

With Western Australia's COVID restrictions eased on June 1st, regional air core drilling resumed on June 17th. To June 30th, 95 AC holes for 2,946 metres were completed at Chronos and Kore with results are pending.

As previously announced, additional targets are being generated to expand the current programme. Belus is the southern extension of the 4km Federal trend, which contains a number of historic workings – an initial 16 holes have been added to the Regional air core programme.

Three additional prospecting licences were granted during the quarter, all are adjacent to current drill targets and considered at this stage highly prospective. Field reconnaissance of these areas is planned in between drilling campaigns.

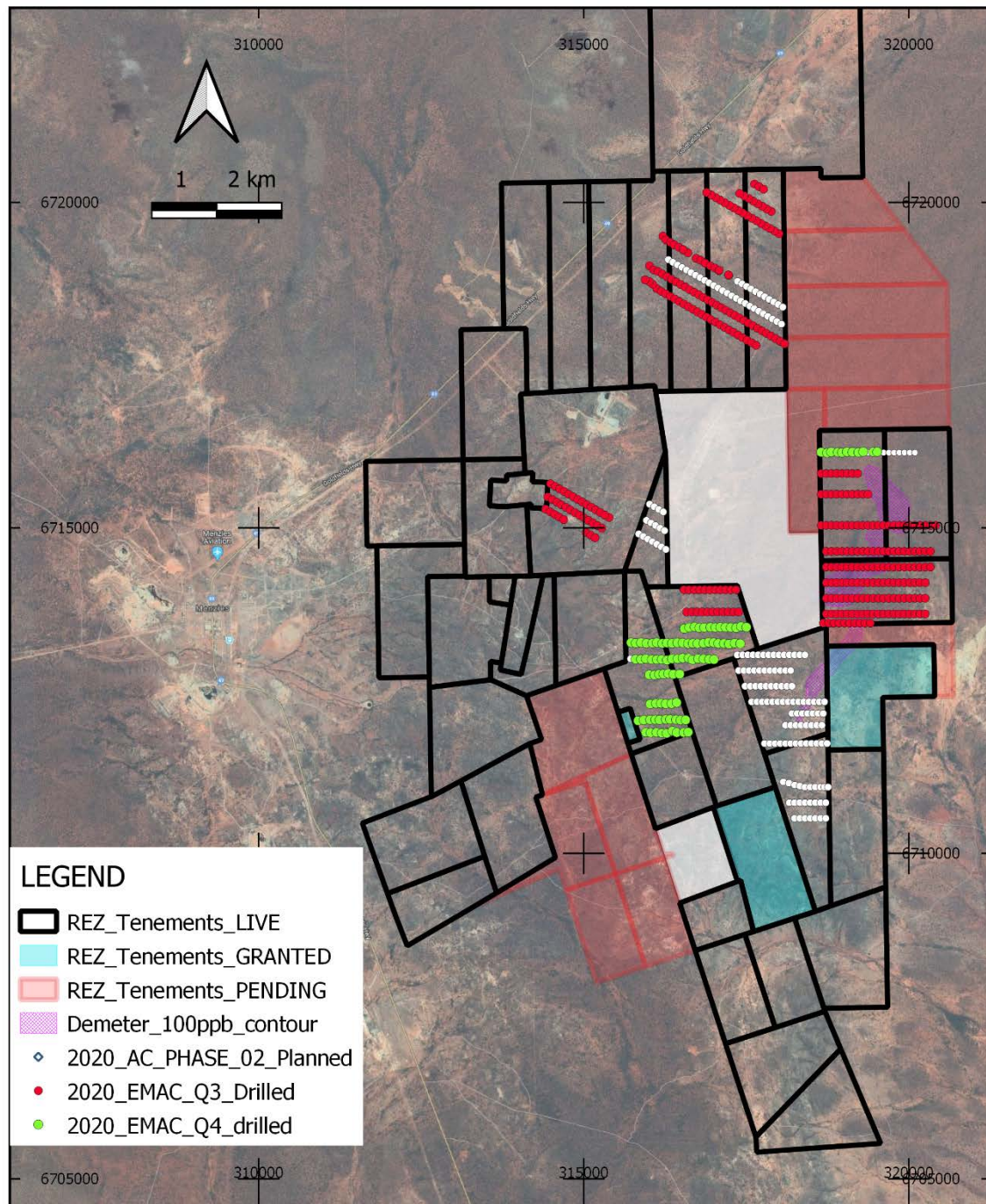


Figure 1: EMGP June Quarter Activities

Figure 2: PoW Application Status at March 31st 2020

Mount Mackenzie Gold and Silver Project (MMGP) – Bowen Basin, Queensland

During the quarterly period mine planning and scheduling studies have been completed as part of project studies directed at finalising the preferred base case for project feasibility. As part of this work, the mineral resource estimate for Mount Mackenzie was upgraded ⁽¹⁾. Total tonnes were increased to 3.42Mt @ 1.18gt Au and 9gt Ag for a total of 129k oz Au and 862k oz Ag.

As released to ASX on 28 April 2020, using a gold price of A\$2,600/oz and a mining-processing rate of 300-500kta the forecast free cash flow from the extraction of 43,000 ounces of gold is \$54 million. Subsequently, as released to ASX on 19 May 2020, the total resource estimate at Mount Mackenzie has been increased by 44% to 3.42Mt @ 1.18g/t gold and 9g/t silver for a total 129k oz gold and 862k oz silver.

Radio Gold– Western Australia

The sale of the Company's interest in the Radio Goldmine has been completed with \$1,100,000 being received during the quarter and the balance of \$400,000 received on 15 July 2020.

Activities Planned for the September Quarter

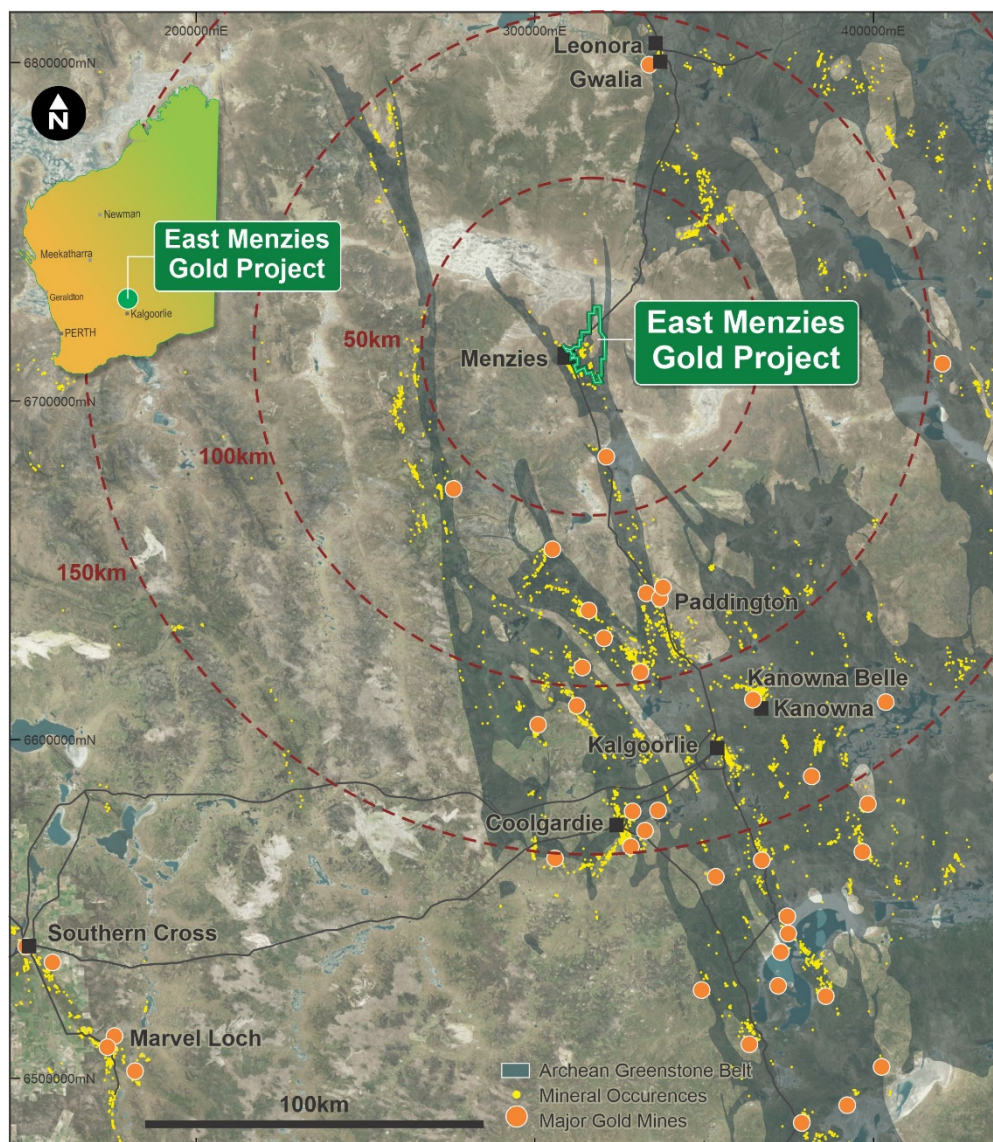
- East Menzies Gold Project
 - Complete +8,000m regional AC drilling programme
 - Plan and execute +5,000m targeted RC Drilling Programme
 - Heritage survey planning for newly granted tenements
 - Progress third party offers for campaign mining
- Mount Mackenzie Gold Project
 - Review opportunities that fit the company's technical and commercial criteria

Capital Raising and Cash Flow

As of 30 June 2020 REZ held cash of \$1,355,000, which has increased subsequent to the quarter end by the receipt of \$400,000 from the sale of Radio Gold. REZ will be focused on its exploration activities in the next two quarterly periods and we expect that the Company will continue to incur operating cash out flows during that time. Management costs and other overheads remain constrained while the Menzies drilling program is being progressed and COVID related restrictions remain in place.

Further capital raisings will be considered as the exploration program develops.

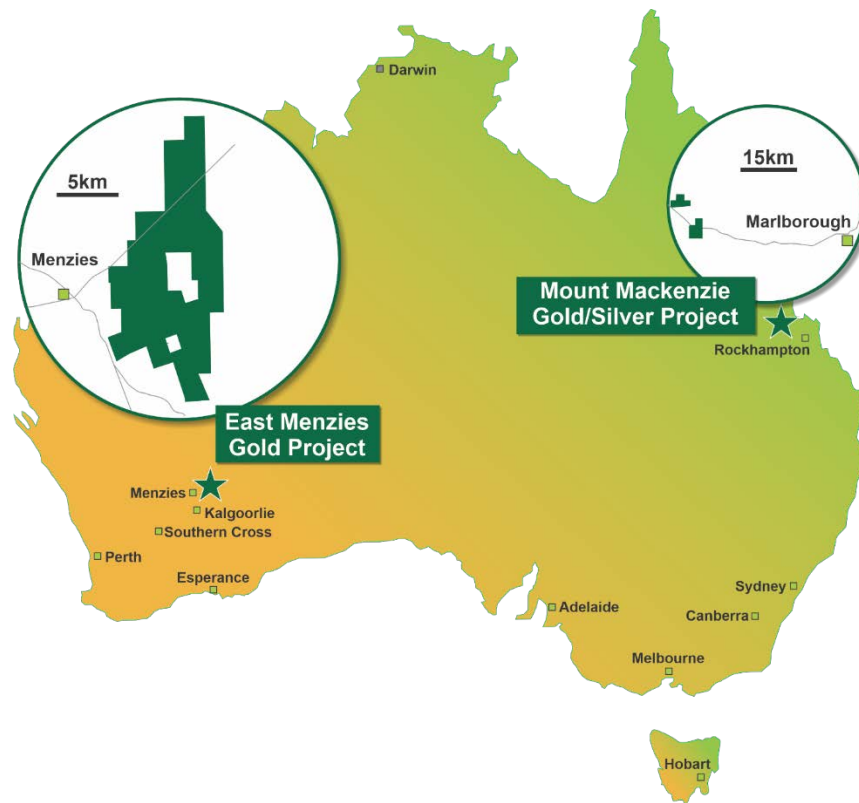
(1) ASX Release 19th May 2020



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. REZ aims to discover significant gold deposits in areas overlooked or under explored using modern exploration techniques.

In Western Australia, the company's flagship is the East Menzies Gold Project, a 112km² package of contiguous mining, exploration and prospecting licenses, which are located within a significant Orogenic lode gold province. In Queensland, the company has been granted a 12km² Mineral Development Licence over the Mount Mackenzie tenements, 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 129k oz gold and 862k oz silver.



Authorised for release by the Board of REZ

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