

ASX Release

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East Menzies Gold Project, WA

Extensive drilling program underway to test several high-priority targets

Resources & Energy Group Limited (ASX: **REZ** or the **Company**) is pleased to announce that it has started an aggressive drilling campaign at its East Menzies Gold Project (EMGP) in Western Australia.

The drilling will test numerous targets identified during the recent re-evaluation of the Company's detailed data set and its field validation process.

Much of the historical drilling at East Menzies is shallow and/or clustered near outcrop while significant areas of highly prospective tenure remain untested, particularly in areas under transported cover where soil sampling and shallow auger drilling is ineffective.

Phase 2 Regional RAB Drilling Programme

The campaign will comprise ~15,000 metres of systematic RAB drilling covering three areas (Figure 1). The results will be released to the market as they are received and evaluated.

The programme is designed to collect and integrate high-quality, broad-spectrum analytical and geological information in key unexplored and prospective areas of the EMGP.

Eastern Zone – Demeter

Historical drilling indicates a broad zone of anomalous gold mineralisation in a region associated with significant regional and second-order structures and intrusive bodies. Drilling will expand coverage south-wards, with 125 holes for approximately 6,000 metres planned.

Central Zone – Athena

Detailed aero magnetics, coupled with limited geochemical data, indicates the juncture where the Moriarty Shear Zone meets the Springfield -Venn Fault is highly prospective. A significant portion of this area is under cover and has seen very limited drilling.

Recent results from hole 19SVRC005 (7m @ 1.33gpt from 39m and 4m @ 1.07gpt from 53m) were received from the border of this area and warrant further attention from a regional perspective. REZ plans to drill 199 RAB holes for approximately 7,000m here.

Central Zone – Trinity

Large areas between prospects exist with geophysics indicating a complex interplay of flexures, folded / faulted stratigraphy and potential intrusive bodies. Historical drilling indicates potential large scale stockwork-style mineralisation.

Drilling here will comprise 35 RAB holes for approximately 2,000m.

Regional RAB drilling will extend to additional areas in the Eastern and Southern Zones as new tenements are granted over the next six months.

REZ Chief Executive David Frances said: "The combination of the historical results and our preliminary work confirms there is huge exploration potential at East Menzies.

"We need to pursue this in a systematic manner to ensure we develop a thorough understanding of the geology, which will in turn enable us to unlock the full value of the asset.

"This extensive RAB program will kick-start our exploration into the new year. The results of this are expected to flow through in the March quarter and enable us to plan the next steps in our strategy."

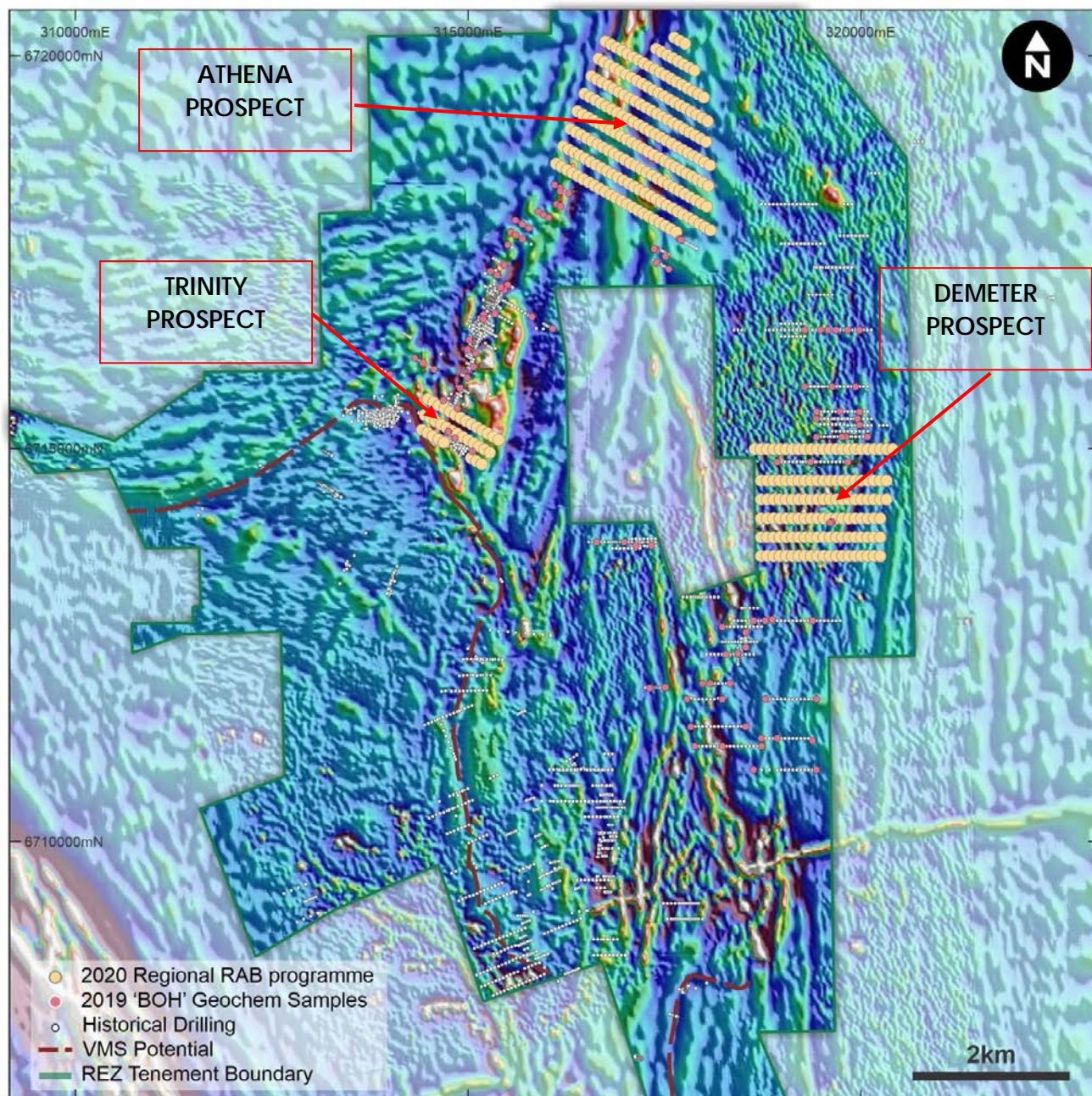
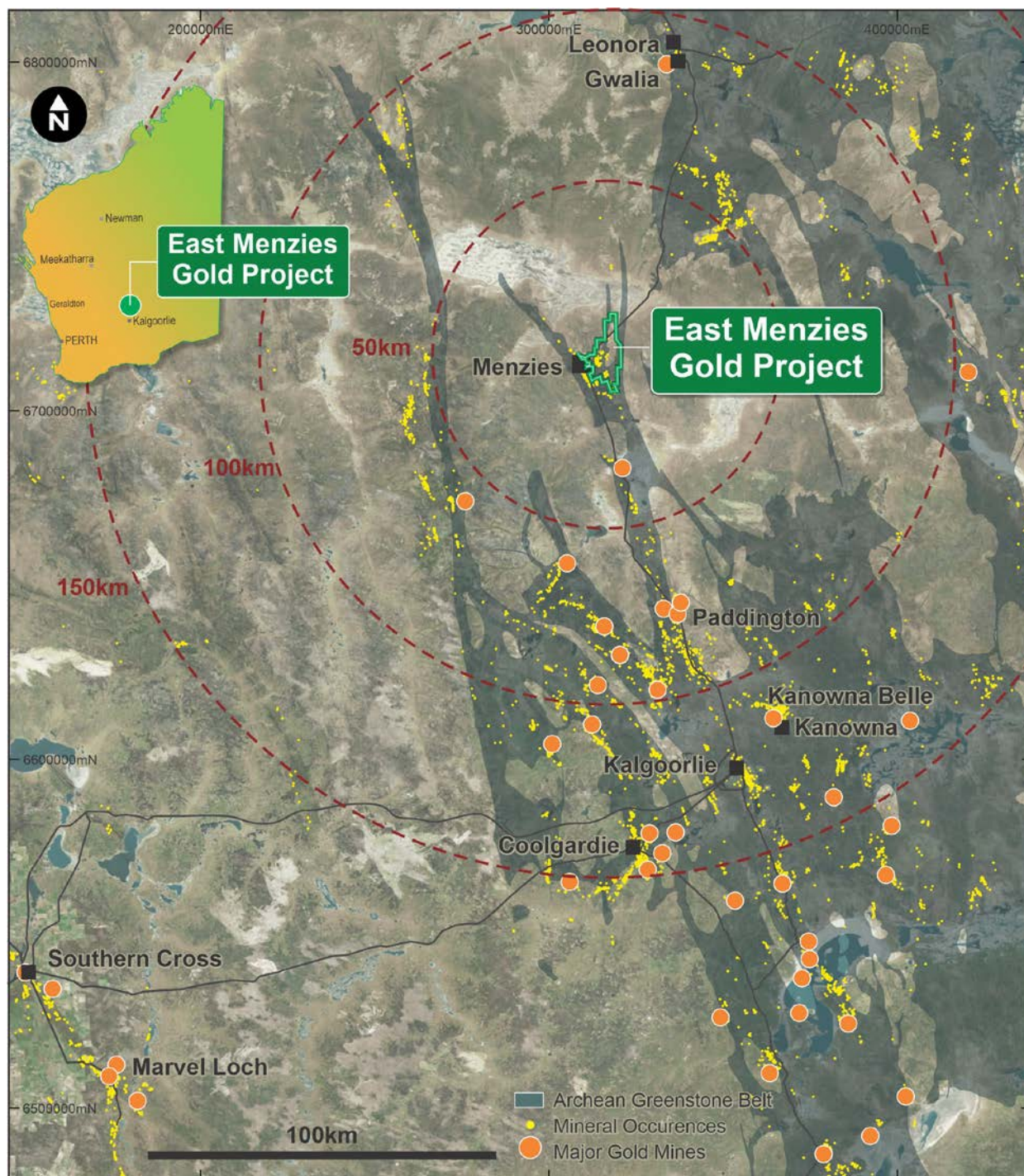


Figure 1 – EMGP RAB drilling areas



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