



RESOURCES & ENERGY

Resources & Energy Group Limited

ASX/Media Release

17 May 2019

QUARTERLY ACTIVITY REPORT

PERIOD ENDING 31 DECEMBER 2018

QUARTERLY HIGHLIGHTS

- **4th Bulk sampling/processing campaign from Radio Gold Mine**
 - **722 tonnes @ 5.95 g/t**
- **Shareholder approval Acquisition of East Menzies Gold Project**
- **Positive sampling form Battery Sands at the East Menzies project**
- **Capital raising actives commenced – project development**
- **Focus on East Menzies Gold Project – commenced data consolidation**

OVERVIEW

Resources and Energy Group Limited ASX: REZ ("REZ" or the "Company") is pleased to provide a summary of its activities during the December 2018 Quarter.

RADIO GOLD MINE PROJECT

The Radio Gold Mine site is located 8km north west of Bullfinch, Western Australia, 400km east of Perth and 40km north of Southern Cross, and within the Southern Cross Greenstone Belt in the Yilgarn Craton. The Southern Cross province is estimated to have produced +10m oz of gold.

The Radio Gold Mine achieved historical ore production of 72,000 oz averaging 38.5 g/t.

Project Development Update

Updated geological modelling commenced from the recent Radio Gold Mine underground development, face sampling and wall sampling information. This information, and updated

interpretation, have been utilised to optimise the planned drill campaign to expand the current Radio Gold JORC 2012 Resource of 28,600 oz which was completed in July 2018.

The bulk sampling campaign was placed on hold at Radio Gold during the quarter whilst the capital raising efforts were underway. The mine remained dewatered to allow sampling to be undertaken on the underground workings.



Figure 1 - Radio Gold Mine development ore



Figure 2 – Ore from the Radio Gold Mine 4th bulk sampling/processing campaign

Bulk Sampling/Processing

Radio Gold Mine's fourth toll treatment campaign was undertaken with Minjar Gold, through the ore sale agreement, at the Marvel Loch processing facility located 78km to the south of the Radio Gold Mine. The final agreed parcel was 722 tonnes @ 5.95 g/t head grade, with a recovery of 93.87%, for 121 oz.



Figure 3 - Radio Gold Mine ore 4th campaign on Marvel Loch processing plant ROM pad

EAST MENZIES GOLD PROJECT

The East Menzies Gold Project (EMGP) is located 130km north of Kalgoorlie. The project has a collective surface area of 103km² and consists of three Mining Lease's, one Mining Lease application, twenty-nine Prospecting Lease's, one Exploration Lease and twenty Prospecting Lease applications. These mining and exploration instruments are host to a 20km continuous strike of a mineralised Greenstone Belt, including the Springfield Venn Gold Corridor, and the Goodenough Syncline

Acquisition Details

The EMGP is located within a proclaimed Goldfield with 444 shafts and extensive shallow artisanal workings. Modern production from Auntie Nellie, Granny Venn and Caesar open pits and Goodenough underground, attest to a significant regional gold endowment.

The acquisition by REZ has consolidated the tenement package under one operator.

In a geological context the area is part of the Wiluna-Norseman greenstone belt (+3m oz) and connected to Boulder-Lefroy Shear and Kalgoorlie tectonic domain (+40m oz)

HeliTEM survey work has identified twenty-five high priority conductor anomalies representing drill ready targets. Currently thirteen prospect areas with positive drill results are being reviewed underscoring the highly prospective nature of the area.

Purchase Agreement - \$1.6m script, \$0.48m cash and 1% royalty (Subject to capital raising and approvals).

Project Development Update

As part of the acquisition process REZ completed a detailed review of the EMGP and the associated deposits including;

- Granny Venn
- Caesar
- Auntie Nellie
- Goodenough
- Jenny Venn
- Maranoa

A site visit was also carried out to inspect the open pits of Granny Venn, Ceasar and Auntie Nellie, and prospect geology. A comprehensive data compilation exercise was undertaken to gather all of the historical drilling and geochemical data sets throughout the greater Menzies region. These data sets have been incorporated into a 3D mining software package and the surface geochemical data sets have been evaluated. From this analysis, significant gold-in-soil anomalies, which are coincident with areas of historical mining activity, have been identified. The following geochemical map has been created as part of the project review;

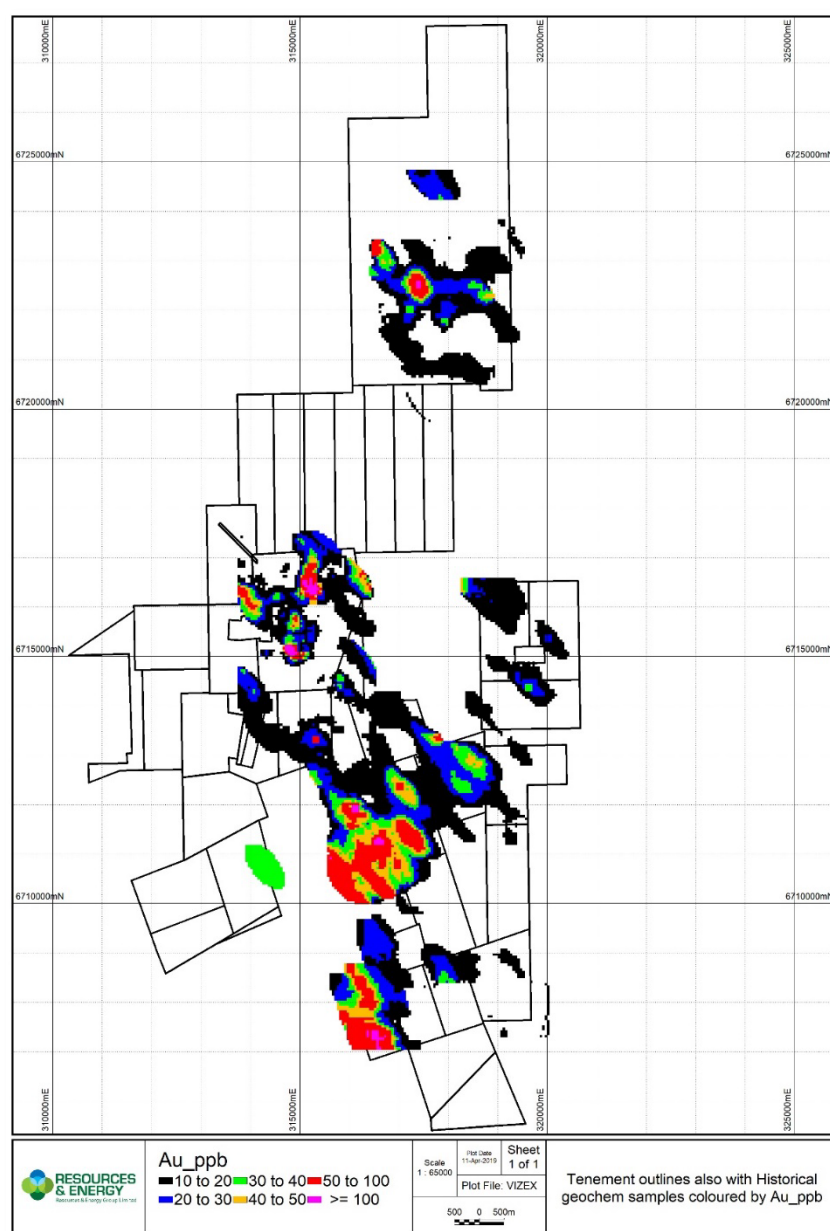


Figure 4 – Tenement outlines showing historical geochemical samples coloured by Au(ppb)

Historical Battery Sands Sampling

During the site visit a total of 12 samples were collected over the historical battery sands at Maranoa. The samples were prepared and tested by Clean Mining Limited, a subsidiary of NuFortune Limited, based in Menzies who are the operators of the Menzies state battery processing facility.

REZ engaged Clean Mining to complete a series of Sodium-thiosulphate bottle roll tests on the battery sand ore samples. The Sodium-thiosulphate reagent is a propriety leaching reagent being developed by CSIRO as an alternative to cyanide. The test work confirmed that the samples are amenable to the processing technology, with exceptional leach kinetics being achieved.

Geology

The gold deposits of the EMGP occur in triangular shaped area of Archaen greenstone, ultramafic schist (komatiite or Hi-Mg basalt), gabbro-pyroxenite sills, felsic volcanic schist, dacite, tholiitic basalt and interflow chert. This area is shaped by the Venn-Springfield shear zone to the west and the Moriarty Shear Zone to the east, both of which converge to the south. The intervening greenstone terrain is truncated to the north by regional granite batholiths, notably the Jorgenson granite.

On the east side of the goldfield the Oliver Twist and Gigante Grande Granite dominate the geology. The discontinuity between the central and eastern domains is called the Venn-Springfield Structure (SVF), which is host to the Venn-Springfield corridor. The Venn Springfield corridor is a north-northeast line of gold mineralisation which is approximately 800m wide and 25km long.

This corridor is host to the Twin Hills, Cock Robin, Ant Bore and Robbie's Reward Gold prospects, which are located in the north part of the project area, and the Oliver Twist, Granny Venn, Caesar, Auntie Nellie, Auntie Kate, Jenny Venn, Goodenough, and Maranoa gold mines, which are located in the central and south parts of the project area. Altogether there are over 100 gold mines in the EMGF ranging from Victorian and turn of century artisanal and semi-mechanised workings, to more contemporary drill-identified occurrences. The latter includes the Goodenough underground mine and more recent open pit excavations namely Granny Venn, Auntie Nellie and Caesar.

The high level of historical workings and prospecting gives an indication as to the endowment of gold mineralisation within the EMGP. In a regional context, the East Menzies goldfield is one of several domains that comprises the Wiluna-Norseman Greenstone Belt which has produced over 3m oz of gold from a range of deposits, the largest being Paddington (~1.2m oz). This sheared system is connected along strike to the Boulder-Lefroy Shear and the Kalgoorlie tectonic domain which hosts much larger deposits such as the giant Golden Mile camp that has produced over 40m oz gold to date.

MOUNT MACKENZIE GOLD PROJECT

The Mount Mackenzie Gold Project is located 150km north west of Rockhampton, Queensland. The project includes a 28.4km² tenement package held by REZ.

The Mount Mackenzie Gold Project hosts a total Indicated Mineral Resource base of 49k oz of Gold, and 455k oz of Silver and Inferred of 51k oz of Gold, and 179k oz of Silver for a

total of 100k oz of Gold, and 624k oz of Silver. (*refer ASX announcements 7 September 2015*).

Project Development Update

During November 2018, the company received advice that the application to renew the northern part of EPM10006 had been approved for a further term of 5 years, expiring March 2023. An exploration program with focus on the Clive Creek prospect has been prepared. The Clive Creek prospect is host to two areas of historical gold in soil anomalies known as Quinine Gully and Sphinx. Recent investigations by the company including MMI soil geochemistry over the prospect has repeated the earlier results, and provides the company with confidence in advancing work towards drilling targets.

About Resources and Energy

Resources and Energy Group Limited (ASX:REZ) is an independent, ASX-listed mineral resources explorer, developer and producer, holding mining leases in Western Australia and Queensland. REZ aims to develop a portfolio of mining tenements through to production.

Competent Persons Statement and Consent

The information in this report that relates to Exploration Results is based on and fairly represents information compiled by REZ geologist Mr. Stephen Pearson and reviewed by Mr. Michael Johnstone who is a member of the Australasian Institute of Mining and Metallurgy, and Principal Consultant for Minerva Geological Services (MGS). MGS has been contracted by Resources and Energy Group to provide Exploration Management and technical advice to the Company. Mr Johnstone has sufficient experience that is relevant to the reporting of Exploration Results to quantify 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 report of the matters based on their information in the form and context in which it appears.