

RESOURCES & ENERGY

Resources & Energy Group Limited

ASX/Media Release

17 May 2019

QUARTERLY ACTIVITY REPORT

PERIOD ENDING 31 MARCH 2019

QUARTERLY HIGHLIGHTS

- **Capital placement activities to progress develop assets in the portfolio**
- **East Menzies Project focus**
 - Consolidation project information from multiple data sources
 - Exploration planning to progress historical non JORC resources to 2012 JORC level
 - Surface sampling commenced
- **Evaluation of strategic partnership opportunities to accelerate the development**
 - Radio Gold Mine; and
 - Mount Mackenzie Gold Project

OVERVIEW

Resources and Energy Group Limited ASX: REZ ("REZ" or the "Company") is pleased to provide a summary of its activities during the March 2019 Quarter, which saw the Company commence site investigations at the East Menzies Gold Project and progress towards identification of drilling targets.

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 72,000oz averaging 38.5g/t

Bulk sampling test work at Radio Gold Mine

During the quarter, underground bulk samples of each of the different ore and waste rock types were taken and submitted to STEINERT Australia Pty Ltd to undertake a test program using their ore sorting technique. The process includes:

- Process Stage 1 – STEINERT will scan all the 'good' pieces as one group through a STEINERT KSS (XRT, 3D Laser, Colour Camera and Induction). Then the 'bad' pieces will be scanned. The scanned data will be uploaded onto STEINERT's sorting software to identify any notable differences in physical properties between the good and bad groups. These differences are the basis of ore sorting. An ore sorting program will be developed and theoretical sorting recoveries are calculated.
- Process Stage 2 – STEINERT will use the developed program to process the hand sorted 'good' and 'bad' samples. They will be processed separately through the STEINERT KSS (in order to back calculate the head grades of each the 'good' and 'bad' samples) to produce four products, as follows: Feed (hand sorted 'good') - 'Good' Eject Fraction + 'Good' Drop Fraction Feed (hand sorted 'bad') - 'Bad' Eject Fraction + 'Bad' Drop Fraction. Note: the four ore sorter products will need to be analysed to confirm the mineral recoveries.

Improvements in ore sorting technologies and recent successful trials from other similar scale operators prompted the work to be undertaken.

Ore sorting test work will be preliminary in nature and will aim to demonstrate the potential to improve the project metrics by further improving the grades of the final ore product delivered to a processing facility.



Figure 1 - Geologist underground sampling and mapping Radio Gold Mine

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.

Site Investigations

During the period a total of 194 soil samples were collected from a number of tenements for Mobile Metal Ion analysis, refer figure 1. The samples are currently in Perth awaiting assay.

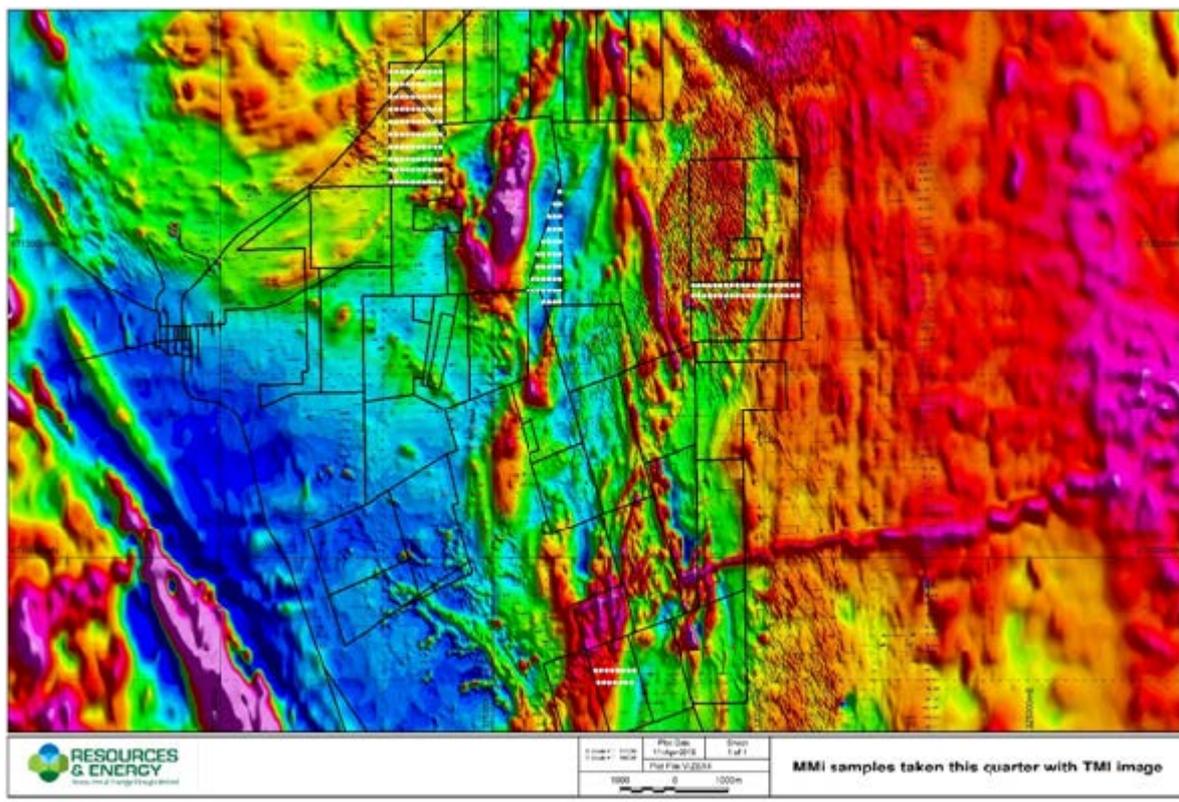


Figure 2 - MMi sample location plan superimposed on TMI image

Consolidation of regional work

Work on compiling and evaluating historical exploration data has commenced, and the company is in process of assembling a complete data base representing all historical and recent exploration data.

The database now includes the following:

Item	Total amount	Total meterage
Holes	13,895	278,490
Total assay intervals	97,503	-
Geochemical samples	17,090	-

Table 1: Historical data within the company database

An analysis of the drilling data acquired has highlighted the overall shallow tenor of previous exploration, refer figure 3. This historical approach to drilling shallow drill holes has highlighted areas of near surface mineralisation, however, there still remains significant exploration potential for further discoveries at depth and within areas that have yet to be drilled.

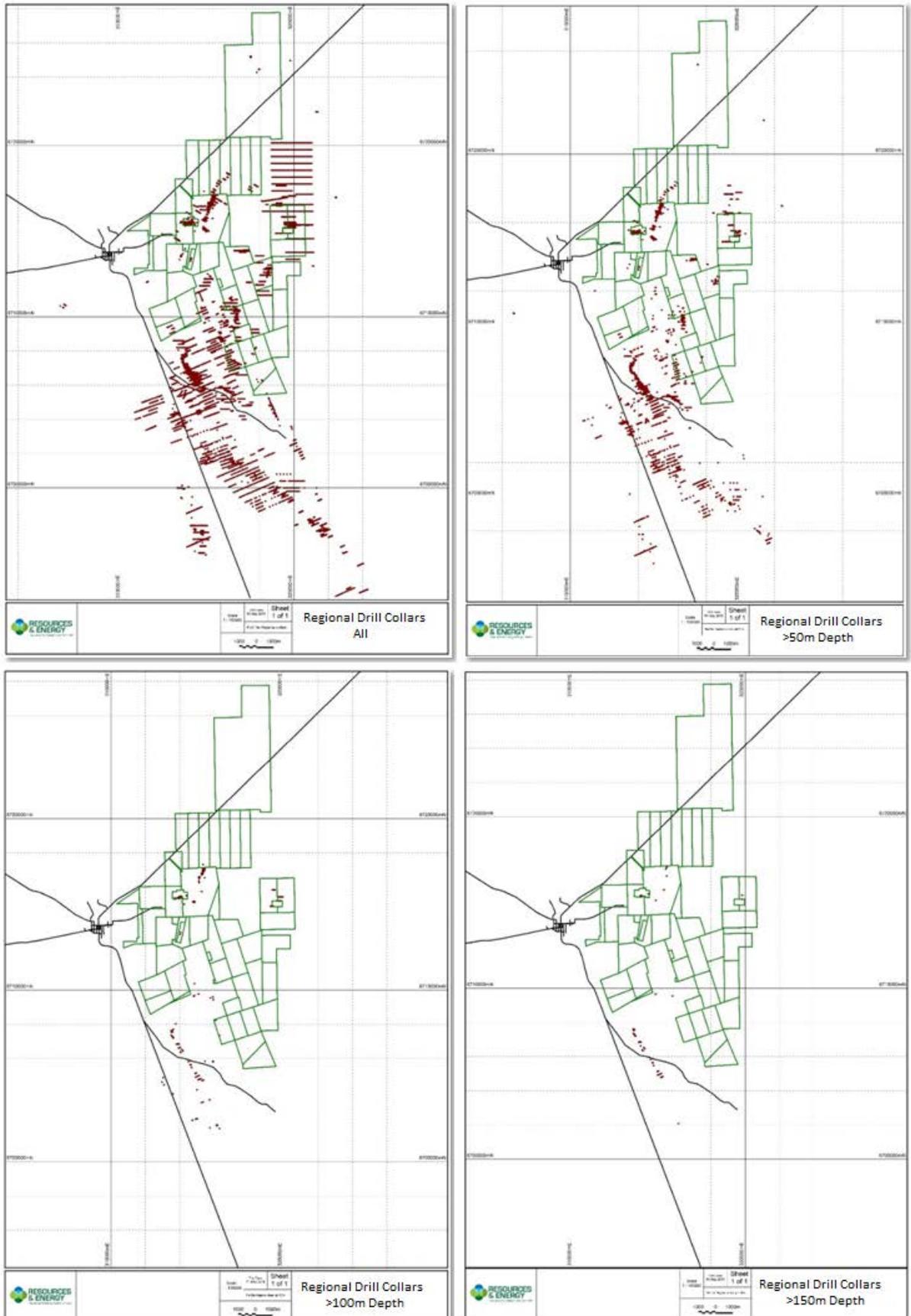


Figure 3 – Regional collars in red with REZ tenement outlines in green

A review of the open file multi element geochemical data as well as information contained within the project databases, has revealed large coincident gold ± arsenic ± lead ± sulphur anomalies within the Menzies tenement package. Many of these have never been followed up by modern drilling, refer figure 4.

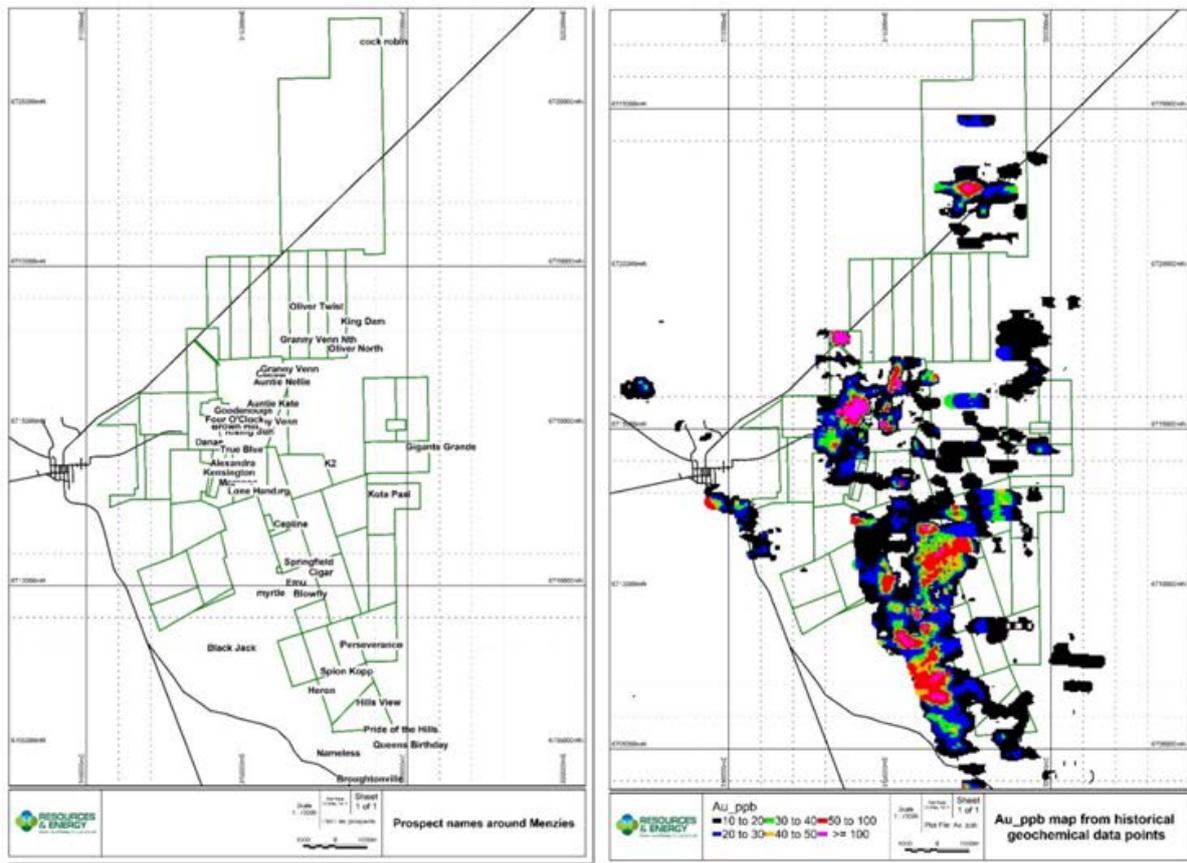


Figure 4 – EMGP Prospect locations and Au in soil anomalies

The geochemical samples when incorporated into the database show areas that have known gold deposits, such as Granny Venn-Caesar which has a very consistent and focused gold-in-soil response.

Project development

During the quarter all historical projects within the Menzies region were imported into a 3D geology program and their data validated to identify missing data and data errors. The projects include Granny Venn, Caesar, Jenny Venn, Goodenough, Maranoa and Gigante Grande as well as many other smaller prospects.

Each of the projects have had drilling planned to extend the known mineralisation down dip and or along strike.

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.

During the report period the company acquired an airborne Hyperspectral survey, which has been completed over the company's tenement holding (EPM10006, and MDLA2008). The results of the survey are currently being assessed. Initial evaluation has identified low PH alteration assemblages, which are the signature of high sulphidation epithermal

mineralisation. These alteration assemblages are coincident with surface Gold, Copper, Lead and Zinc soil geochemical anomalies previously announced over the Clive Creek area. Significantly, comparable alteration has been identified over the Mount Mackenzie mineral resource area, which is host to a 2012 JORC (*refer ASX announcements 7 September 2015*) comprising:

- Total Indicated: 49,000 oz of Gold, and 455,000 oz of Silver
- Total Inferred: 51,000 oz of Gold and 179,000 oz of Silver

The survey work has highlighted a number of areas within the Mount Mackenzie prospect area, which have not been previously drill tested, and will be followed up.

Planning work associated with a program of Diamond and Reverse Circulation drilling at Mount Mackenzie has also been prepared to test weathering limits and the extent of primary mineralisation beneath the North Knoll and SW Slopes prospects. Exploration planning associated with testing mineralisation associated with the Clive Creek prospects (Quinine Gully and Sphinx) has also been completed.

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.