



RESOURCES & ENERGY

Resources & Energy Group Limited

ASX/Media Release

15 September 2020

Commencement of Reverse Circulation Drilling Program

- REZ has accelerated plans and brought forward reverse circulation drilling at the East Menzies Goldfield Project
- Work is focussed on drill testing large gold in regolith anomalies identified following recent air-core drilling.
- The RC program will drill deeper into the fresh bedrock to test potential for higher grade mineralised systems below the regolith.

OVERVIEW

Resources and Energy Group Limited (ASX: REZ) provide an update on the East Menzies Gold Project (EMGP). As outlined in the companies release of 2nd September 2020, a program of Reverse Circulation (RC) drilling to investigate a number of gold in regolith anomalies has been brought forward. Drilling operations are expected to commence on Monday, 21 September 2020.

The RC program will initially target the Kore-Demeter, and Chronos prospects, where air-core investigations (average depth of 30m) have delivered results of up to 6.7g/t and outlined large multiple zones of (+100ppb) gold mineralisation in the regolith. These anomalies are almost exclusively located within Saprolite-Transitional zone which typically ranges from 20-30m depth.

At Chronos mineralisation is related to quartz-veining within sheared basalts and dolerites, at or in close proximity to mafic-felsic contacts. The mineralised trends have a north-easterly strike and are bound east and west by the Springfield-Venn Corridor. The Kore-Demeter prospect is interpreted as structurally controlled gold mineralisation associated with quartz filled brittle-fracture shearing which originated from mafic schists and carried into the adjoining granite. This concept serves as a model for granite-hosted deposits, which have analogues with the Golden Cities gold deposits (1.4M oz Au) located between Paddington and Menzies.

The RC program will drill deeper into the fresh bedrock to test potential for higher grade mineralised systems, below the regolith, which may lead to an economic gold discovery. The drilling program will initially involve 26 holes totalling 2600m of drilling, which will be completed during September. The drillhole locations are presented on Figure 1, which is a composite plan showing interpreted litho-structural boundaries and reprocessed magnetic

imagery. Also shown on plan are +100ppb au results from recent air core, and historical RAB drilling.

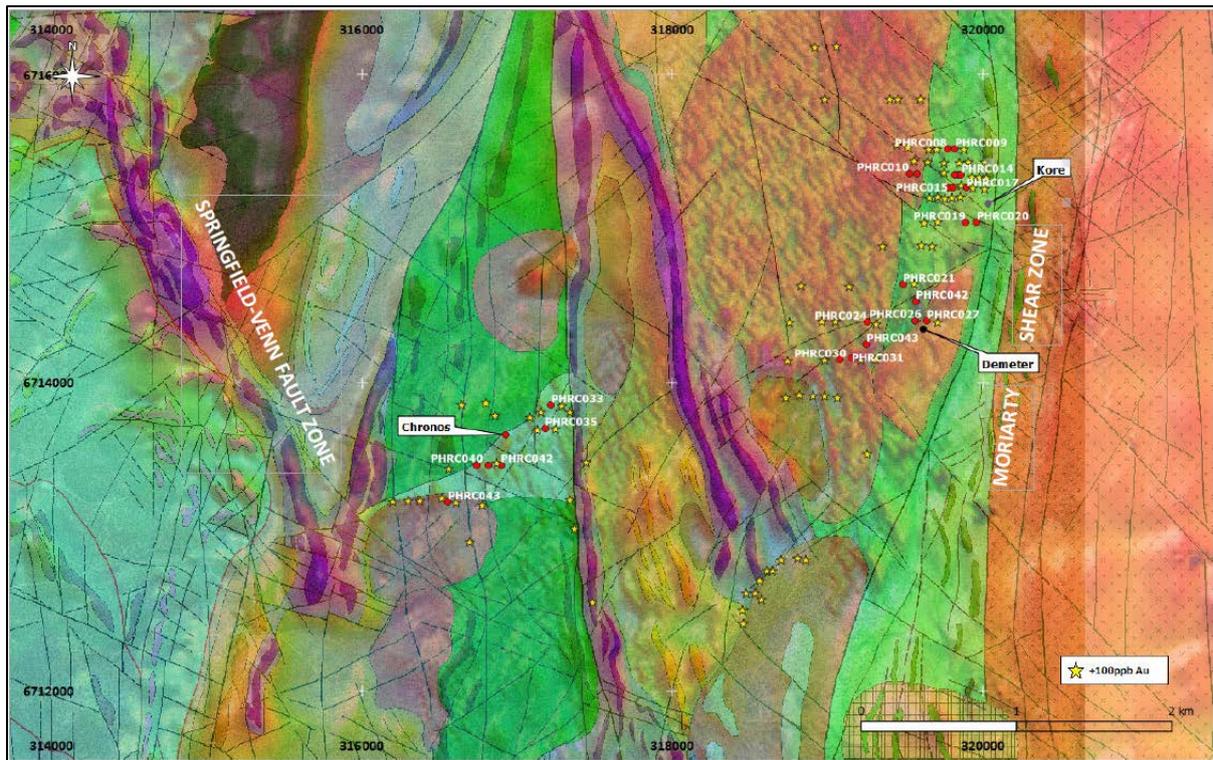


Figure 1 TMI (rtp) Image Showing Prospect and Borehole Locations

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 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.

Approved for release to ASX by REZ's Executive Director, Richard Poole.

About Resources and Energy

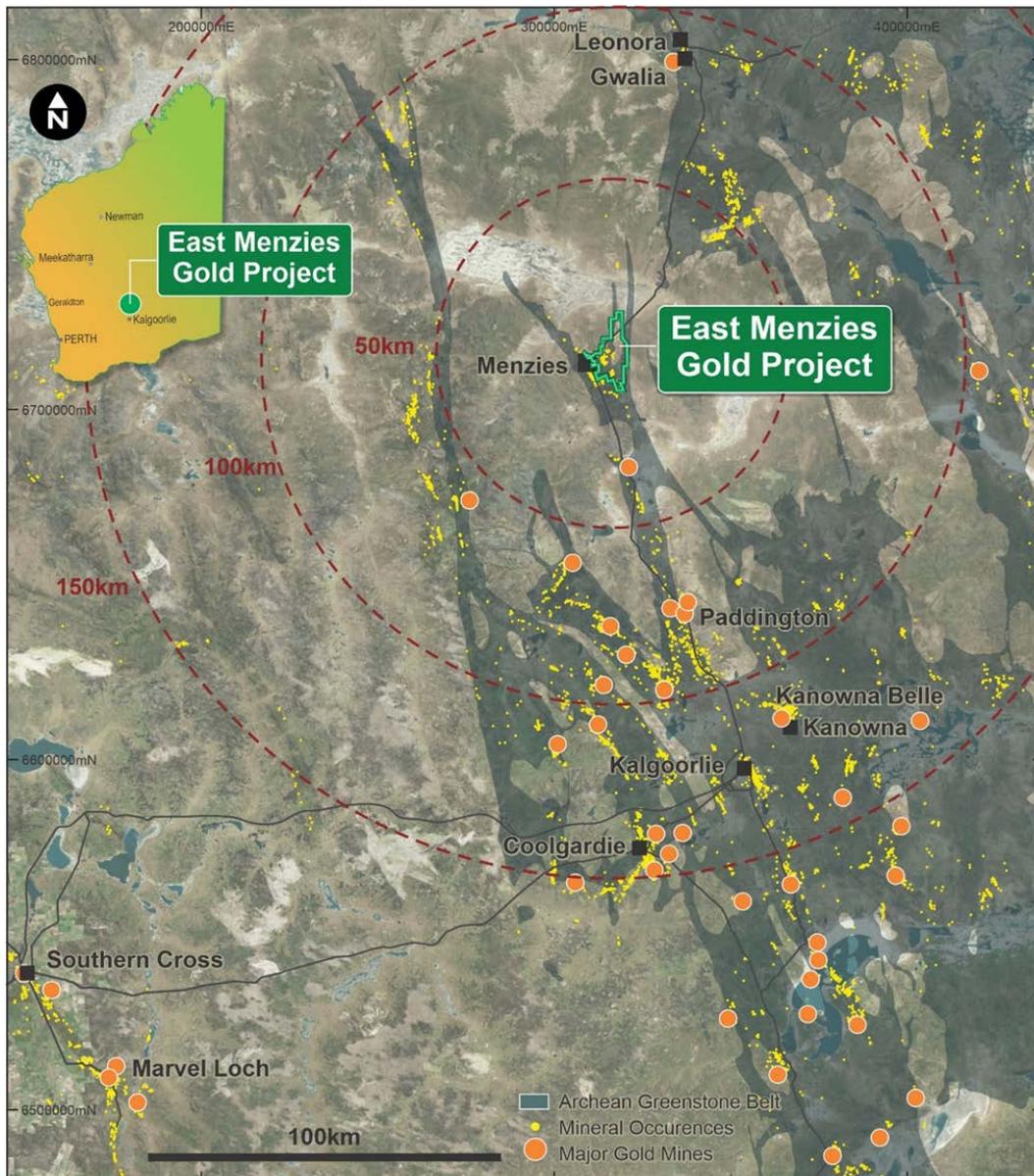
Resources and Energy Group Limited (ASX: REZ) is an independent, ASX-listed mineral resources explorer, with projects located in key mining jurisdictions in Western Australia and Queensland.

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

For personal use only

eastern side of the project area. An advanced program of air-core drilling has defined 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.



Further information:

Richard Poole
 Executive Director
 E: rjpoole@rezgroup.com.au
 P: +61 2 9227 8900

For personal use only