

15 February, 2016

Dear Shareholder,

**Notice of General Meeting:
Acquisition of Radio Gold Project and Fund Raising**

Please find enclosed a Notice of General Meeting (NOM) in relation to the acquisition of the Radio Gold Project as announced on 12 January 2016.

The NOM also provide details of

- the proposed financing by REZ to fund the development of the Radio Gold project and its ongoing operations; and
- other related resolutions including the proposed appointment of Mr James Croser to the board.

The Radio Gold Project

Details of the proposed acquisition of Brightsun, the owner of the Radio Gold project are set out in the NOM. The Radio Gold mine is on a granted mining lease, M77/633, 35 kilometres north of Southern Cross in Western Australia. M77/633 occupies a surface area of approximately 9.8km² and is located within the Southern Cross Province of the Achaean Yilgarn Craton.

In regional context, the Southern Cross Province is a highly productive gold bearing greenstone belt which is host to the Copperhead Gold Mine (1Moz gold past production) located 7km south at Bulfinch. Historic mining at Radio mine extended to 100 metres below surface for production of 57,000t @ 38.5 g/t Au for 71,000 ounces, or approximately 700 ounces of gold per vertical metre.

The mine was privately owned for 50 years and closed in 1974 at a time of low gold prices and competition for labour at the nearby Kambalda mines. Radio remains open at depth and down dip with opportunity for extensions to the known lode systems. An appropriate drilling programme will be undertaken as part of an initial expenditure commitment. Radio Gold Project

The Board believes the acquisition of the Radio Gold Project is in line with its strategy to focus on development of assets with near term cashflow potential and asks for your further support.

Funding

Pursuant to the agreement to acquire Brightsun, settlement of the acquisition is subject (among other things) to the Company raising at least \$1,500,000 (before costs) (Fund Raising).

The Company is in the process of finalising the Fund Raising. The Fund Raising has been structured as a Project Development Note comprising of a loan facility and attaching options enabling equity conversion such that the loan and/or interest can be utilised to meet the costs of conversion to equity. Under the Project Development Note effectively for every \$120,000 the financier makes available in a Loan facility to the Company, the financier receives 1,000,000 Options exercisable at 12c. The financier is able to elect (at any time) to use the loan funds provided to the Company to meet the exercise price of the options, in effect converting the loan into shares. Full details are set out in the NOM.

The Fund Raising is open to any sophisticated or professional investor. If you are interested in participating in the Fund Raising or if you have any other queries on the NOM or any other matter please contact the company on 02 9227 8900.



Warwick Heeson
Company Secretary
RESOURCES & ENERGY GROUP LIMITED

RESOURCES & ENERGY GROUP LIMITED

ACN 110 005 822

NOTICE OF GENERAL MEETING

TIME: 11.00am (AEDT)

DATE: 24 March, 2016

PLACE: The offices of Arthur Philip Pty Ltd
Level 33
52 Martin Place
Sydney, New South Wales

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 2) 9227 8900.

CONTENTS

Business of the Meeting (setting out the proposed Resolutions)	3
Explanatory Statement (explaining the proposed Resolutions)	6
Glossary	16
Schedule 1 – Terms and Conditions of Options	17
Proxy Form	19

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 11.00am (EDT) on Thursday, 24 March 2016 at:

Arthur Philip Pty Ltd
Level 33
52, Martin Place
Sydney, New South Wales

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00pm (AEDT) on Tuesday, 22 March 2016.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form. Alternatively, Proxy Forms may also be sent to the offices of Arthur Philip Pty Ltd, Level 33, 52 Martin Place, SYDNEY NSW 2000.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
 - the proxy need not be a Shareholder of the Company; and
 - a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance
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with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ISSUE OF SHARES AS CONSIDERATION

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given for the Company to issue 15,000,000 Shares to the Brightsun Shareholders as consideration for the Brightsun Acquisition, on the terms and conditions set out in the Explanatory Statement."

Short Explanation: The Company has entered into a Share Sale Agreement with the shareholders of Brightsun Enterprises Pty Ltd (**Brightsun**) under which the Company has agreed to acquire 100% of the fully paid ordinary shares in the capital of Brightsun. The Company seeks shareholder approval for the issue of the Shares in accordance with ASX Listing Rule 7.1.

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by the shareholders of Brightsun and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – SELECTIVE BUY-BACK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of Section 257D(1)(b) of the Corporations Act and for all other purposes, approval is given for the Company to conduct a selective buy-back on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Brightsun Enterprises Pty Ltd and any of its associates or any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – FUND RAISING – RELATED OPTION ISSUE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 30,000,000 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a

benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – PARTICIPATION IN FUND RAISING – RELATED OPTION ISSUE TO MR RICHARD POOLE

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Richard Poole (or his nominee) to participate in the Fund Raising and in accordance with the Fund Raising proposal for the Company to issue up to 6,250,000 Options to Mr Richard Poole (or his nominee) on the same terms as all other participants in the Fund Raising being on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Richard Poole (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – ELECTION OF DIRECTOR – JAMES CROSER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all other Resolutions, for the purpose of clause 11.2 of the Constitution and for all purposes, James Croser, having been nominated and given his consent to act, be elected as a director of the Company with effect from Settlement of the Acquisition.”

Dated: 15 February, 2016

By order of the Board

**WARWICK HEESON
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND

Resources & Energy Group Limited (ASX:REZ) (**REZ** or the **Company**) is an Australian based resource company with its primary focus on developing near term cash flow gold projects in Australia. The Company's current flagship gold asset is the Mt Mackenzie Project. The Company owns 100% of Mount Mackenzie Mines Pty Ltd which holds three exploration permits for minerals which are situated in eastern central Queensland, approximately 125km northwest of the city of Rockhampton. The Company is actively seeking near surface deposits suitable for generating near term cash flow.

On 12 January 2016, the Company announced that it had entered into a share sale agreement (**Share Sale Agreement**) to acquire 100% of the issued capital of Brightsun Enterprises Pty Ltd (**Brightsun**) from the legal and beneficial owners of 100% of the fully paid ordinary shares (**Brightsun Shareholders**) (**Aquisition**).

The key terms of the Share Sale Agreement are as follows:

- (a) (**Consideration**): at settlement of the Acquisition, the Company will:
 - (i) pay \$250,000 to the Brightsun Shareholders;
 - (ii) issue 7,500,000 fully paid ordinary shares in the capital of REZ (**Consideration Shares**) at an issue price of \$0.12 to the Brightsun Shareholders; and
 - (iii) issue 7,500,000 fully paid ordinary shares in the capital of REZ (**Milestone Shares**) at an issue price of 12c to the Brightsun Shareholders (subject to cancellation in the event that the Milestone Condition (as detailed in paragraph 1(d) below) is not satisfied).
- (b) (**Conditions Precedent**) settlement of the Acquisition is conditional upon satisfaction of the following conditions:
 - (i) completion of due diligence by the Purchaser on the business, assets, operations, financial position, financial performance of the Company and any further matters relevant to the Purchaser, in each case to the satisfaction of the Purchaser;
 - (ii) the Purchaser successfully raising at least \$1,500,000 (before costs) under a fund raising;
 - (iii) the Purchaser obtaining all necessary shareholder approvals required by the *Corporations Act 2001* (Cth) and the ASX Listing Rules in relation to the Acquisition;
 - (iv) the parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law on terms acceptable to the parties as are required to allow

the parties to lawfully complete the matters set out in this Share Sale Agreement;

- (v) if required, each of the Brightsun Shareholders waiving all pre-emptive and other rights over any of the Brightsun Shareholders Shares conferred by the constitution of the Company, any shareholders agreement between the Brightsun Shareholders or any other document; and
 - (vi) each Brightsun Shareholders entering into a restriction agreement as required by the Purchaser for a period of 2 years following the issue of the Consideration Shares and Performance Shares in respect of their Consideration Shares and Performance Shares.
- (c) **(Funding)**: the Company has agreed to make up to \$1,250,000 available for the development of the Radio Gold Mine;
- (d) **(Milestone Condition)**: REZ and Brightsun have agreed that the Milestone Shares are subject to a performance condition that the Radio Gold Mine must generate \$1,000,000 in cash (after all costs incurred to produce the income) within 24 months of commencement of mining operations;
- (e) **(Selective Buy-back)**: in the event that the Milestone Condition is satisfied, then none of the Milestone Shares shall be cancelled. In the event that the Milestone Condition is not satisfied, then a portion of the Milestone Shares shall, subject to Shareholder approval, be cancelled in accordance with the following formula:
- $$CS = \left(1 - \frac{CG}{1,000,000}\right) \times 7,500,000$$
- Where:
- CS means Cancelled Shares
- CG means Cash Generated by the Radio Gold Mine
- (f) **(Buy-Back Agreement)**: REZ and the Brightsun Shareholders have agreed to enter into a buy-back agreement to give effect to the Selective Buy-back;
- (g) **(Board Changes)**: upon Settlement of the Acquisition, one nominee of Brightsun will be appointed to the board of the Company.

2. RESOLUTION 1 – ISSUE OF SHARES AS CONSIDERATION

2.1 General

Resolution 1 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of up to 15,000,000 Shares in consideration for the Acquisition by the Company.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue 7,500,000 Consideration Shares and 7,500,000 Milestone Shares pursuant to the Acquisition during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Consideration Offer:

- (a) the maximum number of Shares to be issued is 15,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the deemed issue price of the Shares will be 12 cents as they are being issued to the Brightsun Shareholders in consideration for the Acquisition;
- (d) the Shares will be issued to the Brightsun Shareholders. None of these parties are related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on issue;
- (f) the issue of the Shares will be used to meet the \$1.8 million purchase price for Brightsun and will be issued to the Brightsun Shareholders in consideration for the Acquisition. No cash funds will be raised from the issue; and
- (g) the Shares will be issued on one date, being the date of settlement of the Acquisition.

3. RESOLUTION 2 – SELECTIVE BUY-BACK

3.1 Selective Buy-back

As outlined in section 1 of this Notice, the Share Sale Agreement provides that the Company may elect (in certain circumstances) to conduct a selective buy-back of some or all of the Milestone Shares.

REZ and Brightsun have agreed that the Milestone Shares are subject to a performance condition that the Radio Gold Mine must generate \$1,000,000 in cash (after all costs incurred to produce the income) within 24 months of commencement of mining operations.

In the event that the Milestone Condition is satisfied, then none of the Milestone Shares shall be cancelled. In the event that the Milestone Condition is not satisfied, then a portion of the Milestone Shares shall, subject to Shareholder approval, be cancelled in accordance with the following formula:

$$CS = \left(1 - \frac{CG}{1,000,000}\right) \times 7,500,000$$

Where:

CS means Cancelled Shares

CG means Cash Generated by the Radio Gold Mine

3.2 General

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the company's solvency;
- (b) seeking to ensure fairness between the shareholders of the company; and
- (c) requiring the company to disclose all material information.

Section 257A of the Corporations Act provides that a company may buy back its own shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

Section 257H(3) provides that immediately after the registration of the transfer to a company of shares bought back, the shares are cancelled.

The procedure to conduct a buy-back differs for each type of buy-back. The buy-back proposed by the Company is classified as a selective buy-back.

Section 257D(1) of the Corporations Act, requires the terms of a selective buy-back agreement to be approved before it is entered into by either:

- (a) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or
- (b) a resolution agreed to, at a general meeting by all ordinary shareholders,

or the agreement must be conditional on such approval.

Section 257D(2) of the Corporations Act requires that a company must, in the notice for the meeting in which it intends to seek shareholder approval, include a statement setting out all information known to the company that is material to the decision on how to vote on the resolution. However, a company does not have to disclose information if it would be unreasonable to require the company to do so, because the company had previously disclosed the information to Shareholders.

The Corporations Act and ASIC Regulatory Guide 110 set out the information that a company is expected to disclose to shareholders in a notice of meeting. This information is set out below in relation to the Company.

This Resolution 2 seeks Shareholder approval for the Selective Buy-back.

3.3 Summary of and effect of proposed Selective Buy-back

In the event that the Company elects to conduct the Selective Buy-back, no consideration would be payable to the Brightsun Shareholders. The number of buy-back Shares (**Buy-back Shares**) will be determined by in accordance with the formula set out in section 1(e) of this Notice.

The overall effect on the Company of the Selective Buy-back would be to reduce the total number of Shares on issue at the time of the Selective Buy-back, by the number of Buy-back Shares. There are currently 69,682,306 Shares on issue. However, subject to the passing of Resolution 1, the number of Shares on issue at the time of a Selective Buy-back would be at least 84,682,306.

Whilst the exact dilutionary and financial effect of the Selective Buy-back will not be determined until the number of Buy-back Shares is known, the Selective Buy-back is not expected to have an effect on the control of the Company. A Selective Buy-back would not significantly reduce the Company's funds, as no consideration would be payable to the Brightsun Shareholders in the event of a Selective Buy-back. Therefore, the Selective Buy-back will not materially prejudice the Company's ability to pay its creditors.

Given that the number of Buy-back Shares is not known, and could not be known until such a time that the Company elects to conduct a Selective Buy-back, the Directors are of the view that obtaining an independent expert's report would be premature and potentially not necessary as the number of Buy-back Shares may not be a significant percentage of the Shares of REZ. Therefore, the Company has not sought to have an independent expert's report prepared in relation to the Selective Buy-back.

3.4 Advantages and disadvantages of the Selective Buy-back

The Board believes that the Selective Buy-back, as proposed by Resolution 2, would provide the following advantages to Shareholders:

- (a) It enables the enforcement of the performance condition in the Acquisition Agreement in the event the Radio Gold Mine does not perform to a minimum agreed level; and
- (b) there will be a lesser number of Shares on issue, resulting in an increased ownership interest in the Company of each remaining Shareholder.

The Board does not believe that there are any disadvantages to Shareholders of the Selective Buy-back.

3.5 Trading price of Shares

The latest trading price of Shares on ASX prior to the date of this Notice of Meeting was \$0.15 on 11 February, 2016.

3.6 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of Resolution 2 and confirm that they intend to vote in favour of the Resolution.

3.7 Other material information

There is no information material to the making of a decision by a Shareholder whether or not to approve Resolution 2, being information that is known to any

of the Directors and which has not been previously disclosed to Shareholders, other than as disclosed in this Explanatory Statement.

Any material information relating to the Selective Buy-Back arising after the date of this Notice will be announced to the ASX.

4. RESOLUTION 3 – FUND RAISING – RELATED OPTIONS ISSUE

4.1 General

As announced on 12 January 2016, the Company has entered into a Share Sale Agreement to acquire 100% of the issue capital of Brightsun.

Pursuant to clause 2 of the Share Sale Agreement, settlement of the Acquisition is subject (among other things) to the Company raising at least \$1,500,000 (before costs) (**Fund Raising**).

The Company is in the process of finalising the Fund Raising. The Fund Raising is to be structured as a Project Development Note comprising of a loan facility and attaching options enabling equity conversion such that the loan and/or interest can be utilised to meet the costs of conversion to equity. Under the Project Development Note effectively for every \$120,000 the financier makes available in a Loan facility to the Company, the financier receives 1,000,000 Options exercisable at 12 cents. The financier is able to elect (at any time) to use the loan funds provided to the Company to meet the exercise price of the options, in effect converting the loan into shares.

The proposed material terms are set out below:

- (a) (**Loan Facility**): the company proposes to borrow, from various financiers, a minimum of \$1,500,000 and up to \$3,600,000 in cleared funds;
- (b) (**Conditions Precedent**): the financiers are not obliged to provide all or part of the Loan Facility until:
 - (i) the Company has received any Shareholder or regulatory approvals to issue the Options; and
 - (ii) the financiers have received a notice requesting a drawdown on all or part of the Loan Facility and specifying a drawdown date, being 10 Business Days (or other agreed period) after the date of that notice (**Drawdown Notice**). If the Drawdown Notice has not been provided on or before 5:00pm (WST) on 30 June 2017, the agreement will be at an end;
- (c) (**Drawdown**): the financiers are required to provide all or part of the funds available under the Loan Facility in minimum drawings of 25% of the Loan Facility (and multiples of 25% of the Loan Facility) on request made pursuant to a Drawdown Notice (unless otherwise mutually agreed). Drawdown Notices shall be issued concurrently and equally to all financiers under the Loan Facility. The Company may not issue a Drawdown Notice after 30 June 2017;
- (d) (**Term**): 3 years or earlier (subject to repayment);
- (e) (**Interest**): the Company must pay accrued interest quarterly in arrears on the drawn amount of the Loan Facility, with the first interest payment

due 90 days after the payment of the draw. Interest will accrue at a rate of 8% per annum until all outstanding monies are repaid;

- (f) **(Repayment)**: all outstanding monies will be repaid by the Company by either of the following:
 - (i) in repayments equal to 50% of the Company's positive pre tax cash from operations (each quarter) until the Loan Facility and outstanding interest is repaid in full; or
 - (ii) at the expiration of 3 years from the date of each drawdown advance under the Loan Facility;
- (g) **(Option Placement)**: subject to shareholder approval, the Company has agreed to issue the number of Options that is equal to the Loan Facility amount divided by the option exercise price, being 12 cents upon the first drawdown being provided, as an inducement and in consideration for the financiers providing the loan. The Options are exercisable at \$0.12 each on and from 31 March 2017 and expire at 5:00pm (EST) 31 March 2021. The terms and conditions of the Options are set out in Schedule 1; and
- (h) **(Financier Default)**: in the event that the financiers receive a Drawdown Notice and do not provide the requested funds on the drawdown date, the financiers will be in default (**Drawdown Default**). If the Drawdown Default is not remedied within 10 Business Days, any unexercised Options previously issued to the financiers will be cancelled. The financiers cannot exercise any Options whilst in Drawdown Default, without the Company's written consent.

Resolution 3 seeks Shareholder approval for the issue of up to 30,000,000 Options for nil consideration as they are being issued in consideration for the Fund Raising (**Option Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 3 will be to allow the Company to issue the Options pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The Company has engaged Arthur Phillip Pty Ltd (AFSL 258057) (**Arthur Philip**) a company associated with Mr Richard Poole, a director of the Company, to manage the Fund Raising on a best endeavours basis. The Company has agreed to pay Arthur Philip on normal commercial terms a management fee of 6% of the total amount raised under the Fund Raising. Arthur Philip has advised they expect to pay the bulk of these fees to sub-brokers. The directors of the Company, other than Mr Richard Poole, consider the engagement of Arthur Philip to be on arm's length terms in accordance with section 210 of the Corporations Act.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Options to be issued is 30,000,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (c) the issue price will be for nil cash consideration as they are being issued in consideration for the Fund Raising;
- (d) the Options will be issued to participants of the Fund Raising, who will be clients of Arthur Phillip. None of these subscribers are related parties of the Company other than Mr Richard Poole, whose participation is the subject of Resolution 4;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) the Options will be issued for nil consideration, accordingly no funds will be raised directly from the Options. However, under the Project Development Note effectively for every 1,000,000 options issued, the financier must make a \$120,000 Loan Facility available to the Company.

5. RESOLUTION 4 – PARTICIPATION IN FUND RAISING – RELATED OPTION ISSUE TO MR RICHARD POOLE A RELATED PARTY

5.1 General

Pursuant to Resolution 3, the Company is seeking Shareholder approval for the issue of up to 30,000,000 Options in consideration for the Fund Raising.

Mr Richard Poole, a director of the Company, wishes to participate in the Fund Raising by making available up to \$750,000 to the Company. Pursuant to the terms of the Fund Raising and subject to Shareholder approval, Mr Richard Poole would be issued up to 6,250,000 Options in consideration for providing such funding.

Resolution 4 seeks Shareholder approval for the issue of up to 6,250,000 Options to Richard Poole (or his nominee) arising from the participation by Richard Poole (or his nominee) in the Fund Raising (**Participation**).

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Options which constitutes giving a financial benefit and Richard Poole is a related party of the Company by virtue of being a Director.

The Directors (other than Richard Poole who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Options will be issued to Richard Poole on the same terms as Options issued to non-related party participants in the Fund Raising and as such the giving of the financial benefit is on arm's length terms.

5.3 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in Section 8 above.

As the Placement involves the issue of Options to a related party (**Related Party Options**) of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

5.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 4:

- (a) the Related Party Options will be issued to Richard Poole (or a nominee);
- (b) the maximum number of Related Party Options to be issued is up to 6,250,000;
- (c) the Related Party Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised (being the same as all other Options issued under the Fund Raising); and
- (e) the Related Party Options will be issued on the same terms and conditions as all other Options issued in relation to the Fund Raising, on the Option terms set out in Schedule 1.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options to Richard Poole (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

For the avoidance of doubt, the Company's intends to issue a maximum of 30,000,000 Options in total, including the proposed Related Party Options. If Resolution 4 is not approved, the Company still intends to issue a maximum of 30,000,000 Options under Resolution 3.

6. RESOLUTION 5 – ELECTION OF DIRECTOR – JAMES CROSER

Clause 11.2 of the Company's Constitution provides that the Company in general meeting may, by resolution, increase or reduce the number of directors.

Pursuant to the Share Sale Agreement, at Settlement it is proposed that James Croser be appointed as a director of the Company.

Resolution 7 seeks approval for the election of James Croser as a director of the Company on and from Settlement, subject to and conditional upon approval of all other Resolutions. The qualifications and experience of Mr Croser is set out below.

James Croser

Mr Croser is a qualified mining engineer from the Western Australia School of Mines with over 20 years mining experience in the Australian resources sector. Mr Croser has held operational, technical and management roles at numerous hard rock mines particularly in the Kalgoorlie region, including Silver Swan, Bullant, Daisy-Milano and Frog's Leg. He has recently been general manager of a Perth based mining consultancy company and the managing director of an ASX listed Kalgoorlie mining company until their takeover in 2013. Mr Croser currently consults to the industry and is a founding director of private mining company Brightsun Enterprises Pty Ltd whose main project is the Radio Gold Mine near Bullfinch in Western Australia. Mr Croser brings keen mining knowledge and proven management skills to REZ at an exciting time in the development of the Company's growth strategy.

Following Settlement of the Acquisition, Mr Croser will be appointed as a non-executive director of the Company. The board is however in discussions with Mr Croser to join REZ in an operational capacity.

The Board has considered Mr Croser's independence and considers that he is currently an independent Director. This will change if he joins REZ in an operational capacity.

The Directors support the election of Mr Croser and recommend that Shareholders vote in favour of Resolution 5.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Resources & Energy Group Limited (ACN 110 005 822).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

AEDT means Australian Eastern Daylight Savings Time as observed in Sydney, New South Wales.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Milestone Condition means the milestone condition contained in paragraph 1(d).

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Related Party Option means an Option granted pursuant to Resolution 4 with the terms and conditions set out in Schedule 1.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Selective Buy-Back means the selective buy-back the subject of Resolution 2.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.12 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (EST) on 31 March 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on and from 31 March 2017 until the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

(i) The Options may be exercised during the Exercise Period by:

(A) notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**); and

(B) payment of the Exercise Price for each Option being exercised in Australian currency by:

(1) electronic funds transfer or other means of payment acceptable to the Company; or

(2) in accordance with clause (e)(ii).

(ii) The Company and the holder acknowledge that the holder may direct the Company to apply any outstanding principal and/or interest under the Loan Facility towards the Exercise Price of the Options (**Offset Exercise**). In the event that the holder directs the Company to proceed with an Offset Exercise, then the Loan Facility amount and any outstanding interest will be reduced by an equivalent amount as the amount applied to the exercise of the Options.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds or pursuant to the Offset Exercise alternative (**Exercise Date**).

(g) **Cancellation of unexercised Options**

In the event that the financier receives a Drawdown Notice and does not provide the requested funds on the Drawdown Date, the financier is in default (**Drawdown Default**). If the Drawdown Default is not remedied within 10 Business

Days, any unexercised Options issued to the financier will be cancelled. The financier cannot exercise any Options whilst in Drawdown Default, without the Company's written consent.

(h) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(k) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(n) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(o) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(p) **Acquisition of Options of at Company's Discretion**

At any time 6 months prior to the expiry of the Options, the Company may give the holder written notice of its intention to acquire any unexercised Options from the holder 15 business days after the date of the notice.

On the date which is 15 business days after the date of the notice, the Company shall acquire all outstanding Options from the holder on the following terms:

- (i) The price per Option shall equal the VWAP (as defined below) less the exercise price per Option.
- (ii) The holder shall transfer ownership of the outstanding Options to the Company.
- (iii) The Company shall pay to the holder an amount in cash equal to the number of Options multiplied by the price per Option determined in (i) above.

The VWAP is the volume weighted average price for the ordinary shares in the Company in respect of the 1 month period ending 3 days before the date of the notice.

For the avoidance of doubt, the holder may exercise their Options after receiving the notice subject to such exercise being completed prior to the date which is 15 business days after the date of the notice.

(q) **Acquisition of Options by Agreement**

At any time prior to the expiry of the Options, the Company and the holder may agree that the Company will acquire the holder's outstanding Options on the following terms:

- (i) The price per Option shall equal the Acquisition VWAP (as defined below) less the exercise price per Option.
- (ii) The holder shall transfer ownership of the outstanding Options to the Company.
- (iii) The Company shall pay to the holder an amount in cash equal to the number of Options multiplied by the price per Option determined in (i) above.

The Acquisition VWAP is the volume weighted average price for the ordinary shares in the Company in respect of the 1 month period ending 3 days before

the holder and Company agreed that the Company will acquire the holder's Options

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEDT) on Tuesday 22 March 2016**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **Tuesday 22 March 2016 at 11:00am (AEDT)**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Resources & Energy Group Limited

ACN 110 005 822

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Resources & Energy Group Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the Chair of the Meeting (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **The offices of Arthur Philip Pty Ltd, Level 33, 52 Martin Place, SYDNEY NSW 2000 & at 11:00am (AEDT) on Thursday, 24 March 2016** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Issue of Shares as Consideration	☐	☐	☐
Resolution 2	Selective Buy-back (special resolution)	☐	☐	☐
Resolution 3	Placement – Options	☐	☐	☐
Resolution 4	Issue of Options to Related Party	☐	☐	☐
Resolution 5	Election of Director – James Croser	☐	☐	☐

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016