

03 October 2016

Market Announcements Office
ASX Limited

2016 Annual General Meeting

Resources & Energy Group Limited (REZ) is about to commence dispatch of its 2016 Notice of Annual General Meeting. A copy is attached together with a shareholder proxy form.

The Annual General Meeting will be held on 8 November 2016.

For further information please contact:

Mr Richard Poole
Chief Executive Officer
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About Resources & Energy

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

Web site: www.rezgroup.com.au



RESOURCES & ENERGY GROUP LIMITED

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11.00am (EDT)

DATE: Tuesday, 8 November 2016

PLACE: The offices of Arthur Phillip 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, Warren Kember, on (+61 2) 9227 8900 or wkember@rezgroup.com.au.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders of Resources & Energy Group Limited (the Company) to which this Notice of Meeting relates will be held at 11.00am (EDT) on Tuesday, 8 November 2016 at:

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

YOUR VOTE IS IMPORTANT

The business of the Annual General 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 Annual General Meeting are those who are registered Shareholders at 7.00pm (EDT) on Monday, 7 November 2016.

VOTING IN PERSON

To vote in person, attend the Annual General 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.

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

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member 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 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 (i.e. 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 (i.e. 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 (i.e. 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

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – VIRGINIA BRUCE

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

"That, for the purpose of clauses 11.3 and 11.4 of the Constitution and for all other purposes, Virginia Bruce, a Director, retires by rotation, and being eligible, is re-elected as a Director."

3. RESOLUTION 3 – CHANGE OF CONSTITUTION

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

"That the document titled "Constitution of Resources & Energy Group Limited" tabled at the meeting is adopted as the constitution of the Company in substitution for its current constitution, with effect from the close of this Annual General Meeting, is authorised and approved."

4. RESOLUTION 4 – RATIFICATION AND APPROVAL OF PREVIOUS SHARES ISSUED

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify and approve the previous allotment and issue of 11,000,000 to sophisticated shareholders as detailed in the explanatory statement."

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue 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.

5. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and 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 any person who may participate in the issue of Equity Securities under this Resolution 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 will 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.

6. RESOLUTION 6 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"For the purposes of exception 9 of ASX Listing Rule 7.2 and for all other purposes, the terms of the Company's Employee Share Option Plan, details of which are described in the Explanatory Notes which accompany the Notice of Meeting, is authorised and approved."

ASX Voting Exclusion: *The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution 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 will 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.*

DATED: 30 SEPTEMBER 2016

BY ORDER OF THE BOARD

**WARREN KEMBER
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 which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on the ASX platform for "REZ" at www.asx.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2016.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

2.2 Voting consequences

Under Corporations Act 2001, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

At the Company's previous annual general meeting no votes were cast against the remuneration report considered at that annual general meeting. Accordingly, the Spill resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MS VIRGINIA BRUCE

Clause 11.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election pursuant to clause 11.4 of the Constitution.

The Company currently has four Directors and accordingly one must retire.

Ms Virginia Bruce will retire in accordance with clause 11.3 of the Constitution and being eligible, seeks re-election.

Ms Virginia Bruce a Director since 6 December 2004 and has been involved in both the current business activity and predecessor businesses. Ms Bruce's international reputation was developed through her key role in developing International brand and business strategies for a number of Fortune 500 brands including Warner Bros, Mattel, Avon, Disney, Kelloggs, Audi, Volkswagen, Coca Cola, Network 7 including four back to back Olympics starting with the Sydney Olympic Games. She has worked extensively in the USA, Australia, Asia, China, Middle East and Europe, establishing business operations in all of these markets.

Ms Bruce is currently the CEO of The REAL Group, which focuses on social development and mentoring programs.

The Board unanimously supports the re-election of Ms Virginia Bruce as a Director.

4. RESOLUTION 3 – CHANGE OF CONSTITUTION

The Company's constitution has not been significantly amended since the listing of the Company on the Australian Securities Exchange (ASX) in December 2004.

Since that time there have changes to applicable regulatory requirements (including the Corporations Act and ASX Listing Rules), as well as developments in general corporate governance practice for ASX listed companies. The directors consider it more efficient to adopt a new Constitution (New Constitution) rather than approving numerous amendments to the existing Constitution (Existing Constitution).

The material differences between the Existing Constitution and New Constitution, as relevant to a shareholders' decision whether to approve the New Constitution, are outlined below. In broad terms, the main differences concern the provisions dealing with:

- issue and transfer of shares
- general meetings, proxy appointments and direct voting;
- directors' election, remuneration and interest;

- payment of dividends; and
- indemnity.

There are a number of other differences between the Existing Constitution and New Constitutions that are not summarised or referred to below because they do not materially alter the effect of the Existing Constitution for shareholders.

These include changes:

- to update provisions to reflect the current position under the Corporations Act, ASX Listing Rules and other applicable rules;
- of a drafting, procedural or administrative nature;
- to remove outdated and redundant provisions; and
- to update names and definitions to reflect current terminology, although where possible the defined terms in the Corporations Act are relied on.

In addition, where appropriate, the New Constitution removes duplication of existing requirements under the Corporations Act or the ASX Listing Rules, which would otherwise require amendments if there are future legislative or regulatory changes.

A copy of the Company's Existing Constitution and proposed New Constitution can be obtained from the Company's website at www.rezgroup.com.au under the Corporate Governance section.

Unless otherwise indicated, references to clause numbers below are to clauses of the New Constitution and defined terms have the meaning given to them in the New Constitution.

Issue and transfer of Shares

Directors' power to issue shares

Under the New Constitution, the provisions relating to the issue of shares have been kept very brief. They simply note that directors may issue shares on terms determined by them and cross-refer to the requirements under the Corporations Act and the Listing Rules.

Share certificates

The New Constitution provides that unless determined otherwise by the directors or required by the ASX Listing Rules, the Company will not issue share certificates. Any requirements in relation to share certificates are by reference to the Corporations Act, ASX Listing Rules and the CS Facility Operating Rules. As physical share certificates are generally no longer required to be issued, many of the Articles of the Existing Constitution dealing with share certificates are redundant.

Transfer of Shares

The New Constitution provides that the Company may participate in any computerised or electronic system for market settlement, securities transfer and registration conducted in accordance with the Corporations Act, the ASX Listing Rules and the CS Facility Operating Rules, or corresponding laws or securities exchange rules in any other country. While the Existing Constitution contemplates computerised trading, the New Constitution modernises the provisions and better reflects the current system of market settlement of share transfers.

The ASX Listing Rules were amended in 2011 to permit listed companies to charge a reasonable fee for registering paper-based off-market transfers of

shares. In making these amendments, ASX recognised that, since the introduction of uncertificated holdings, processing these transfers requires additional administrative work in order to minimise the risk of fraud. In line with increasingly common practice, the New Constitution permits the Company to charge a reasonable fee for registering these transfers.

General meetings, proxy appointments and direct voting

Use of technology

The New Constitution codifies the Corporations Act requirements by providing that a general meeting may be held at two or more venues simultaneously using any technology that gives the members as a whole a reasonable opportunity to participate.

Proxies

It is proposed to include new provisions dealing with proxy appointments that are not duly executed or are unclear or incomplete. A number of other listed companies have adopted similar provisions.

A clause allows the Company to seek written or oral clarification of unclear or incomplete instructions in a proxy appointment.

Directors' election, remuneration, interest and meetings

Remuneration

The provisions dealing with the remuneration of directors are largely unchanged by the New Constitution in that total remuneration payable to all directors (other than the executive directors) must not exceed the aggregate maximum amount determined by the Company in general meeting.

The New Constitution specifically provides for the Company to pay a premium for a contract insuring directors against a liability incurred as a director, with such premium excluded from the aggregate maximum sum.

Written Resolutions

Under the Existing Constitution, a directors' resolution can be passed without a meeting being held where all directors entitled to vote on the resolution sign a document stating they are in favour of the resolution. In contrast, under the New Constitution, the number of directors required to pass a resolution without a meeting being held will be a simple majority of the directors entitled to vote, provided that the number of directors who approve the resolution would have been enough to form a quorum at a meeting of directors. This change will bring the requirements for approval of a directors' resolution by circular resolution into line with those that apply at a board meeting.

Payment of dividends

Following amendments to the Corporations Act in 2011, companies are no longer restricted to paying dividends out of profits. Accordingly, the New Constitution removes the requirement for dividends to be paid out of the profits of the Company.

The New Constitution also includes a provision permitting the Company to pay dividends in a foreign currency to shareholders whose registered address is outside Australia. The applicable exchange rate (and time for determining that exchange rate) will be determined by the directors.

Indemnity

The New Constitution clarifies the indemnity provisions in the Existing Constitution to confirm that an indemnity is provided to all officers of the Company as well as officers of a subsidiary, associate entity or joint venture of the Company where the Company requested the officers to accept that appointment.

Directors recommend that shareholders vote in favour of Resolution 3 as they intend to do with regard to their own shareholdings in the Company.

5. RESOLUTION 4 – RATIFICATION AND APPROVAL OF PREVIOUS SHARES ISSUED

5.1 General

To continue the development of the Company's various mining projects the Directors raised \$1,100,000 in June 2016 by the placement of 11,000,000 Shares to sophisticated investors. The placement of 11,000,000 Shares was made utilising the company's 15% placement capacity.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

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.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The effect of Resolution 5 will be to refresh the Company's ability to issue up to 15% of its issued capital. .

5.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 11,000,000 Shares were issued;
- (b) the issue price was \$0.10 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated investors. None of these subscribers are related parties of the Company; and
- (e) the funds raised from this issue were used for working capital.

Directors recommend that shareholders vote in favour of Resolution 4 as they intend to do with regard to their own shareholdings in the Company.

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

6.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 6, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 6.2 below).

The effect of Resolution 5 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Shareholders passed a similar resolution at the 2015 annual general meeting, however that approval has now lapsed due to the 12 month time frame for such approvals allowed under the Listing Rules.

Resolution 5 is a **special resolution**. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

6.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$14,352,345.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Security on issue, being the Shares (ASX Code: REZ).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$(A \times D) - E$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

6.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 6:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 6.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and

- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	0.075 50% decrease in Issue Price	0.15 Issue Price	0.30 100% increase in Issue Price
95,682,306 (Current Variable A)	Shares issued - 10% voting dilution	9,568,231 Shares	9,568,231 Shares	9,568,231 Shares
	Funds raised	\$717,617	\$1,435,235	\$2,870,469
143,523,459 (Variable A with 50% increase in Variable A)	Shares issued - 10% voting dilution	14,352,346 Shares	14,352,346 Shares	14,352,346 Shares
	Funds raised	\$1,076,426	\$2,152,852	\$4,305,704
191,364,612 (Variable A with 100% increase in Variable A)	Shares issued - 10% voting dilution	19,136,461 Shares	19,136,461 Shares	19,136,461 Shares
	Funds raised	\$1,435,235	\$2,870,469	\$5,740,938

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-

rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are 95,682,306 Shares on issue as at the date of this Notice of Meeting. Share options on issue are assumed not to convert into Shares.
2. The issue price set out above is the closing price of the Shares on the ASX on 15 September 2016.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the potential acquisition of assets and investments (including expenses associated with such an acquisition) and continued exploration or operating expenditure on the Company's current assets; or
- (ii) as non-cash consideration for the acquisition of potential new assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 27 November 2015 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month from the date of the prior shareholder meeting being on and from 27 November 2015, the Company otherwise issued 26,000,000 Shares and 27,066,667 Options which represents approximately 71% of the total diluted number of Equity Securities on issue in the company on 27 November 2015, which was 74,682,306 Equity Securities.

- (g) Details of the Equity Securities issued by the Company during the 12 months preceding the date of the Meeting are set out in the table below.

Date of issue	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
9 November 2015	1,000,000	Unquoted Options ³	Consultants assisting with corporate advisory and associated services	Nil	Consideration: services provided Current value ⁶ = \$32,358
22 April 2016	14,400,000	Unquoted Options ⁴	Providers of funds under Project Development Notes	Nil	Consideration: provision of loan funds pursuant to Project Development Notes Current value ⁶ = \$108,000
26 May 2016	15,000,000	Shares ²	Vendors of Brightsun Enterprises Pty Limited	\$0.12 20% (closing price \$0.15 25/5/16)	Consideration: Shares in Brightsun Enterprises Pty Limited
2 June 2016	11,000,000	Shares ²	Sophisticated investors	\$0.10 37.5% (closing price \$0.16 26/5/16)	Consideration: Cash Amount raised \$1,100,000 Amount spent: \$1,100,000 Use of Funds: working capital
2 June 2016	4,166,667	Unquoted options ⁴	Providers of funds under Project Development Notes	Nil	Consideration: provision of loan funds pursuant to Project Development Notes Current value ⁶ = \$31,250
20 June 2016	5,000,000	Unquoted Options ⁵	Director (G Rezos)	Nil	Consideration: services provided Current value ⁶ = \$155,210
20 June 2016	2,500,000	Unquoted Options ⁵	Director (G Rezos)	Nil	Consideration: services provided. Subject to repurchase if services withdrawn prior to 31 March 2017 Current value ⁶ = \$77,605

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company.
3. Unquoted Options exercisable at \$0.12 each on or before 31 December 2019. The full terms and conditions were disclosed in the Appendix 3B released 9 November 2015.
4. Unquoted Options exercisable at \$0.12 each on or before 31 March 2021. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 24 March 2016.
5. Unquoted Options exercisable at \$0.12 from 31 March 2017 until 31 March 2021. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 20 June 2016.
6. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model or a binomial option pricing model. Measurement inputs include the Share price on the measurement day, the exercise price, the term of the Option, the impact of dilution, the

expected volatility of the underlying Share (based on weighted average historic volatility adjusted for change expected due to publically available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

(h) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

6.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

Directors recommend that shareholders vote in favour of Resolution 5 as they intend to do with regard to their own shareholdings in the Company.

7. RESOLUTION 6 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

7.1 General

The Company has put in place an Employee Share Option Plan (Plan) which was adopted by the Board on 5 August 2016.

Resolution 6 seeks approval of the Plan. ASX Listing Rule 7.1 prohibits an entity from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of its ordinary securities without the approval of holders of its ordinary securities. However ASX Listing Rule 7.2, exception 9(b) provides that ASX Listing Rule 7.1 does not apply in relation to, amongst other things, an issue under an employee incentive plan if, within 3 years before the date of the issue, the holders of the entity's ordinary securities approve the issue of securities under a plan.

The ASX Listing Rules define “employee incentive plan” as:

- (a) a plan for the issue or acquisition of equity securities in an entity to be held by, or for the benefit of, participating employees or non-executive directors of the entity or a related entity or their associates; or
- (b) a plan which, in ASX's opinion, is an employee incentive Plan.

Under the ASX Listing Rules, equity securities include options over issued or unissued shares in an entity. The proposed Plan is therefore an employee incentive plan for the purposes of the ASX Listing Rules. If this Resolution is passed, Options issued under the PLAN during the next 3 years will be excluded in determining the 15%

limit under Listing Rule 7.1. This would assist the Company should it require additional fundraising flexibility.

7.2 Terms of the Plan

A summary of the terms of the Plan is outlined below. A full copy of the Plan is available for inspection at the Company's registered office until the date of the General Meeting. No Options have been issued under the Company's proposed Plan since the date of its approval by the Board on 5 August 2016.

A Summary of terms of the Plan

(a) Eligibility

The Board may invite any person to participate in the Plan including full, part time, casual or prospective employees, contractors, directors of the Company or an Associated Body Corporate of the Company (Eligible Participant).

(b) Offer of Plan Options

The Plan will be administered by the Board which may, in its absolute discretion, offer Plan Options to any Eligible Participant from time to time as determined by the Board and, in exercising that discretion, may have regard to some or all of the following considerations:

- (i) the seniority of the Eligible Participant and the position the Eligible Participant occupies with the relevant Company;
- (ii) the length of service of the Eligible Participant with the Company;
- (iii) the record of employment of the Eligible Participant with the Company;
- (iv) the potential contribution of the Eligible Participant to the growth and profitability of the Company;
- (v) the extent (if any) of the existing participation of the Eligible Participant in the Plan; and
- (vi) any other matter the Board considers relevant.

(b) Number of Plan Options

The number of Plan Options to be offered to an Eligible Participant will be determined by the Board in its discretion and in accordance with the rules of the Plan and applicable law.

(c) Conversion

Each Plan Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.

(d) Consideration

Plan Options issued under the Plan will be issued for no consideration.

(e) Exercise price

The exercise price for Plan Options offered under the Plan will be determined by the Board.

(f) Exercise conditions

The Board may impose conditions, including performance-related conditions, on the right of a participant to exercise Plan Option granted under the Plan.

(g) Exercise of Plan Options

A participant in the Plan will be entitled to exercise their Plan Options in respect of which the exercise conditions have been met provided the Plan Options have not lapsed and the exercise of the Plan Options will not result in the Company contravening the ASIC Relief (refer below).

A holder may exercise Plan Options by delivering an exercise notice to the Company secretary along with the Plan Options certificate, and paying the applicable exercise price of the Plan Options multiplied by the number of Plan Options proposed to be exercised. After receipt of the required items, the Company will, subject to the ASX Listing Rules, issue to the participant the relevant number of Shares.

(h) Cessation of employment

If at any time before the exercise of a Plan Option, an Optionholder ceases to be an Eligible Participant:

(i) by reason of death, disability, bona fide redundancy or other reason approved by the Board, and at that time the Eligible Participant continued to satisfy any other relevant conditions of the grant, the Board may determine the extent to which the Plan Options held by the Eligible Participant vest; and a period of time for the Plan Options to be exercised; or

(ii) for any other reason,

all Plan Options held by the Eligible Participant will automatically lapse unless the Board otherwise determines within 30 days of the Optionholder ceasing to be an Eligible Participant.

(k) Restrictions on trading

The Board may determine, prior to the offer of the relevant Plan Options, any restrictions upon trading in Shares issued pursuant to the exercise of a Plan Option:

(i) the Board must provide the Eligible Participant with details of any restrictions; and

(ii) the Company may implement any procedure it considers appropriate to restrict an Eligible Participant from trading in the relevant Shares.

(l) Participation in Rights Issues and Bonus Issues

The Plan Options granted under the Plan do not give the holder any right to participate in rights issues or bonus issues unless Shares are allotted

pursuant to the exercise of the relevant Plan Options prior to the record date for determining entitlements to such issue.

The number of Shares issued on the exercise of Plan Options will be adjusted for bonus issues made prior to the exercise of the Plan Options in accordance with the Listing Rules.

(m) Reorganisation

The terms upon which the Plan Options will be granted will not prevent the Plan Options being reorganised as required by the ASX Listing Rules on the reorganisation of the capital of the Company.

(n) Limitation on offers

If the Company makes an offer under the Plan where:

- (i) the total number of Shares to be received on exercise of Plan Options the subject of that offer exceeds the limit set out in the relevant ASIC Relief (refer below); or
- (ii) the Offer does not otherwise comply with the terms and conditions set out in the relevant ASIC Relief,

the Company must comply with Chapter 6D of the Corporations Act at the time of that offer.

(o) Entitlement

There are no participating rights or entitlements inherent in the Plan Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Plan Options prior to the date for determining entitlements to participate in any such issue.

(p) Trigger event

If any of the following events occur:

- (i) the Company is subject to a takeover bid;
- (ii) the Company proposes a scheme of arrangement with its members under Part 5.1 of the Corporations Act; or
- (iii) a person, or group of associated persons, becomes entitled to sufficient Shares to give him or them the ability, in general meeting, to replace all or a majority of the Board, where such ability was not already held by a person associated with such a person or group of persons,

then the Board may:

- (iv) determine that Plan Options may be exercised at any time from the date of such event so as to permit the holder to participate in the change of control arising from the event; or

(v) use its reasonable endeavours to procure that an offer is made to holders of Plan Options on like terms to the terms proposed in such event.

(q) ASIC Relief

The Board will utilise relief afforded by ASIC from the need to issue a prospectus to Eligible Participants (ASIC Relief). ASIC Relief means the relief from the disclosure and licensing provisions of the Corporations Act contemplated by ASIC Regulatory Guide 49 as modified from time to time and any additional relief granted by ASIC pursuant to an application made by the Company. ASIC Relief includes the relief set out in ASIC Class Order 03/184 and any future ASIC Class Order relating to ASIC Regulatory Guide 49, including the ASIC Class Order contemplated by ASIC Consultation Paper 218.

Directors recommend that shareholders vote in favour of Resolution 6 as they intend to do with regard to their own shareholdings in the Company.

8. ENQUIRIES

Shareholders are requested to contact Mr Warren Kember on (+ 61 2) 9227 8900 or wkember@rezgroup.com.au if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in section 6.1 of the Explanatory Statement.

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

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (a) a child of the member's spouse;
- (b) a dependent of the member or the member's spouse;
- (c) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (d) a company the member controls; or
- (e) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

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.

EDT means Eastern Daylight Time as observed in Sydney, New South Wales.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Eligible Participant means an eligible employee or contractor of the Group.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Group means the Company and its subsidiary companies.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Plan means an Employee Share Option Plan which was adopted by the Board on 5 August 2016.

Plan Option means a share option of the Company issued in accordance with the rules of the Plan.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2015.

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

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

Shareholder means a holder of a Share.

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:
OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Level 33, 52 Martin Place Sydney, on 8 November 2016 at 11am, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of director – Virginia Bruce	☐	☐	☐
Resolution 3	Change of Constitution	☐	☐	☐
Resolution 4	Ratification of issue and allocation of shares	☐	☐	☐
Resolution 5	Approval of 10% placement capacity	☐	☐	☐
Resolution 6	Approval of employee share option plan	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):
Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

**Consent for contact by e-mail
in relation to this Proxy Form:**

YES ☐ NO ☐

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Resources & Energy Group Limited, Level 33, 52 Martin Place, Sydney, NSW, Australia, 2000; or
 - (b) facsimile to the Company on facsimile number +61 2 9227 8901,
 so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.