RESOURCES & ENERGY
Resources & Energy Group Limited

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Market Announcements Office
ASX Limited

REZ secures funding of $1.54 million

Resources & Energy Group Limited (ASX: REZ) ("REZ" or "the Company") is pleased to announce that it has raised $1.54 million in funding. The funding has been achieved through the issue of Project Development Notes (Series 2) ("PDN2's"). The issue of the PDN2's follows REZ's successful issue of the first series of Product Development Notes in April 2016 ("PDN1's") and have been issued on similar terms.

The PDN2's comprise a loan and 11m attaching options. The options are exercisable at 14c between 30 November 2017 and 30 November 2021. The financier can elect (at any time) to apply the outstanding loan balance (including any accrued interest) towards meeting the exercise price of the options, in effect converting some or all of the loan into REZ ordinary shares at an exercise price of 14 cents per share.

If the options are exercised in full, a total of 11 million REZ ordinary shares will be issued at 14 cents each. The options have been issued pursuant to the Company's 15% capacity under ASX Listing Rule 7.1.

The Company has the right, in certain circumstances, to acquire the options from the option holder.

Interest is payable on the PDN2 loan at the rate of 8% per annum. The term of the loan is 3 years, subject to earlier repayments. Following repayment of the PDN1's, the outstanding PDN2 loan may be repaid in instalments equal to 50% of the Company's positive pre-tax cash from operations (each quarter) until the PDN2 loan (including outstanding interest) is repaid in full

REZ will apply the funds raised by PDN2 towards the further development of its Radio Gold and Mount Mackenzie mines as well as working capital. Further, subject to completion of the Burbanks mine acquisition (refer ASX release dated 22 November 2016), funds will also be utilised to complete that acquisition and commence mining operations.

Mr Richard Poole, CEO of REZ noted: "This injection of funding reflects the confidence amongst wholesale investors in the REZ development plan. The additional funds will enable REZ to continue as quickly as possible towards achieving positive cash flows from our existing projects. We are on track and continue to work towards delivering first cash flows from our Radio Project in the early part of 2017".

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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.