

30 December 2018

Market Announcements Office
ASX Limited

Settlement of Menzies Acquisition

Resources and Energy Group Limited ASX: REZ (“**REZ**” or the “**Company**”) is pleased to announce that following shareholder approval and satisfaction of other conditions precedent the acquisition of the East Menzies Gold Project located in Western Australia was settled on 21 December 2018 .

The East Menzies Gold project is located in a highly prospective region and comprises 27 tenements and 19 applications covering an area of over 103 km². Acquisition of the East Menzies Gold Project brings together over 20km of contiguous strike of mineralised greenstone belt in the East Menzies gold field (**EMGF**). EMGF is part of the Yilgarn Gold province, 130km north of Kalgoorlie.

The leases cover an area over the highly prospective Norseman-Wiluna Greenstone Belt. There is a large historical exploration database, with positive drill results underscoring the highly prospective nature of the area. There is also a history of significant gold production. The leases encompass multiple project areas with existing exploration targets supported by high grade drill results. These target areas are largely untested below depths of 100m.

Full details of the East Menzies Project and the Company's other assets are contained in an Investor Presentation previously released to ASX.

As shown in the attached Appendix 3B 32,400,00 ordinary shares have been issued to the vendors of the East Menzies Gold Project at a deemed issue price of 5 cents per share. 23,920,000 of the shares issued are subject to 12 months escrow.

As a result of this share issue Mr Richard Poole, a director of REZ who already held a substantial interest in the Company, now holds 37.6 million ordinary shares or 29.1% of the total ordinary shares on issue. A placement of \$5 million is currently being arranged to provide funding for the development of the Company's tenement portfolio. Once this placement has been completed Mr Poole's percentage holding will be substantially reduced.

For further information please contact:

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Chief Executive Officer
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About Resources and Energy

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

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Resources & Energy Group Limited

ABN

12 110 005 822

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 32,400,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>Fully paid ordinary shares</p> <p>Note: 23,920,000 are subject to ASX imposed escrow.</p> |

+ See chapter 19 for defined terms.

4	Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities? If the additional ⁺securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes
5	Issue price or consideration	In consideration for acquisition of Menzies Goldfield Limited and related mining tenements (with deemed price of \$0.05)
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Acquisition of Menzies Goldfield Limited and related mining tenements as set out in Notice of Meeting to Shareholders dated 20 November 2018 and approved by shareholders at meeting held 21 December 2018. Refer resolutions 1, 2 and 3.
6a	Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i	N/A
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	N/A
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	Nil

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	N/A	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Listing Rule 7.1 - 19,581,576 Listing Rule 7.1A – N/A	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	21 December 2018	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number 99,123,845	+Class Ordinary shares

9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		7,500,000	Unlisted ordinary shares subject to achievement of performance conditions
		23,920,000	Unlisted ordinary shares subject to escrow until 21 December 2019
		1,000,000	Unlisted options exercisable at \$0.06 on or before 31 Dec 2018
		1,000,000	Unlisted options exercisable at \$0.12 on or before 31 Dec 2019
		18,566,667	Unlisted options exercisable at \$0.12 on or from 31 March 2017 at any time until 31 March 2021
		5,000,000	Unlisted options exercisable at \$0.12 on or from 31 March 2017 at any time until 31 March 2021
		2,500,000	Unlisted options exercisable at \$0.12 on or from 31 March 2017 at any time until 31 March 2021. Subject to ongoing service until 31 March 2017.

+ See chapter 19 for defined terms.

Number	+Class
11,000,000	Unlisted options exercisable at \$0.14 on or from 30 November 2017 at any time until 30 November 2021.
250,000	Unlisted options exercisable at \$0.12, vesting 1 year subject to continuing employment. Expiry 31 March 2021
250,000	Unlisted options exercisable at \$0.14, vesting 2 years subject to continuing employment. Expiry 31 March 2021
7,142,857	Unlisted options exercisable at \$0.14 on or from 30 November 2018 at any time until 30 November 2021.
1,000,000	Unlisted options exercisable at \$0.14, vesting 1 year subject to continuing employment. Expiry 15 December 2022
1,000,000	Unlisted options exercisable at \$0.14, vesting 2 years subject to continuing employment. Expiry 15 December 2022

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividend policy has been established
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Part 2 - Pro rata issue

+ See chapter 19 for defined terms.

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	

+ See chapter 19 for defined terms.

25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do security holders dispose of their entitlements (except by sale through a broker)?	
33	+Issue date	

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Warren Kember
Company secretary

21 December 2018

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	96,913,075
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	1,230,770 issued 17/1/18 (conversion of Class B Options) 32,400,000 issued 21/12/2018 (shareholder approval obtained on 21/12/2018)
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	130,543,845

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	19,581,576
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	Nil
“C”	Nil
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	19,581,576
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.15] – “C”	19,581,576 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Not applicable