Resources & Energy Group Limited

ASX/Media Release *28 May 2019*

Implementation of Shareholder Approvals and Exploration Update

Highlights

- **$3.2 million share issue completed**
- **$5.4 million debt converted to ordinary shares**
- **Evaluation of Radio Gold, East Menzies and Mount Mackenzie projects proceeding**
- **Extensive drilling programs planned**

Resources & Energy Limited (ASX: REZ) (**Company** or **REZ**) is pleased to advise that it has successfully implemented all the resolutions approved by shareholders at the Company's General Meetings held on 17 April 2019 and 21 December 2018.

Capital Raising

REZ has successfully completed an issue of shares providing $3.2m in funding to the Company.

The company placed $2.7 million (**Placement**) through the issue of 54.55 million shares at an issue price of $0.05 to sophisticated and professional investors (qualifying under s708 of the Corporations Act 2001). The Company's shareholders approved this issue of shares at a meeting held on 17 April 2019.

Concurrently with the Placement, the Company placed a further $500,000 for drilling services with National Geotech, an existing provider of drilling services, seeking to gain exposure to the REZ projects. As a result of discussions, the Company agreed a drilling contract with National Geotech to provide services for a value of $1 million. 50% of the contract value has been prepaid in the form of the 10,000,000 ordinary shares placed at a deemed issue price of $0.05 each. The issue was made under the Company's capacity under Listing Rule 7.1.

The combined value of the Placement and the prepayment under the drilling contract was $3.2 million, and the issues were managed by CCZ Statton Equities Pty Limited.

The funds raised from the Placement will be used to fund exploration on the Company's tenements in Queensland and Western Australia as further set out below and to pay existing creditors/liabilities.

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Debt Restructure

REZ has also reached agreement with several key stakeholders who had provided debt funding to the Company. A total of $5.4 million owed under project development notes and other short-term borrowings has been converted into ordinary shares of the Company at a deemed issue price of $0.05 each.

A total of approximately 107.1 million shares have been issued, with 4,208,220 of the shares issued under the Company's placement capacity under Listing Rule 7.1 and the remainder issued in accordance with the shareholder approvals obtained on 17 April 2019.

As part of the conversion of the project development notes, 33.5 million options were cancelled as approved by shareholders on 21 December 2018 and $596,000 of interest forgiven.

Cancellation of Shares with Performance Criteria

7,500,000 ordinary shares that were issued to vendors of the Radio Gold mine in 2016 have not achieved their performance criteria within the timeframe stipulated and will be bought back for a nominal sum and cancelled. Shareholder approval for the selective buyback will be obtained at the annual general meeting of the Company to be held on 26 June 2019.

Capital Structure

Following the issue of securities, the Company's securities currently on issue are:

Ordinary shares (quoted)	271.2m
Ordinary shares (subject to escrow)	23.9m
Ordinary Shares with performance conditions (to be cancelled)	7.5m
Total Ordinary Shares currently on issue	302.6m
Less Ordinary Shares to be cancelled	(7.5m)
Ordinary shares on issue post cancellation	295.1m
Options on issue (Ex price 12-14 cents)	14.1m

Exploration and Corporate Development

As noted above, the Company has contracted National Geotech (www.nationalgeotech.com.au) to provide drilling services with a contract value of $1 million. National Geotech is a leading drilling services company based in Western Australia and are ready to commence work immediately.

Other exploration activities and work on project development are proceeding, and the Company is expecting to provide further updates on exploration results in the near future including the results of:

- surface soil sampling to identify new resource targets;
- drilling over current priority resource targets and new targets; and
- metallurgical test work and resource definition of advances targets.

REZ also continues to investigate opportunities for growth including further acquisitions or transactions involving its existing assets (such as joint ventures).

Reinstatement to ASX

The Company is proactively working with ASX to achieve reinstatement as early as possible.

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About Resources and Energy Group

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