Resources & Energy Group Limited

ASX Release **30 April 2020**

March 2020 Quarterly Activities Report

East Menzies Aggressive Exploration Program confirmed Significant Gold Anomaly

Highlights

- **East Menzies Gold Project:**
  - **316 RAB/AC holes for 11,568 metres completed across four target areas.**
  - **Regional exploration program expanded to 20,000 metres.**
  - **6 additional prospecting licences granted.**
  - **Additional PoW applications made over western zone tenements**
  - **Confirmed significant gold anomaly**

- **Radio Gold Project sold for $1,500,000 with settlement due 14 May subject to due diligence**

- **Mount Mackenzie Gold Project evaluation continuing, free cash flow increased to $54m**

Resources & Energy Group Limited (ASX: **REZ** or the **Company**) is pleased to provide its March 2020 Quarter Activities and Cash Flow Reports.

East Menzies Gold Project (EMGP) – Western Australia

Field activities at the EMGP included 316 RAB/AC holes for 11,586 metres, with field reconnaissance and data evaluation expanding the programme to approximately 20,000 metres.

Exploration activities had been hampered over the quarter by three weather events restricting progress. Changes from RAB to Air core drilling technique had improved productivity, however daily metres remain short of the initial budget.

Shortly following the announcement to ASX on 17 March 2020 REZ board and management decided to place drilling operations into a temporary suspension due to the escalating COVID-19 pandemic. The initial results from the 2020 regional programme was released early in Quarter 4.

Six additional prospecting licences were granted during the quarter, three of which are adjacent to current drill targets and considered at this stage highly prospective. Field reconnaissance of these areas is planned at a future date when COVID-19 restrictions are lifted.

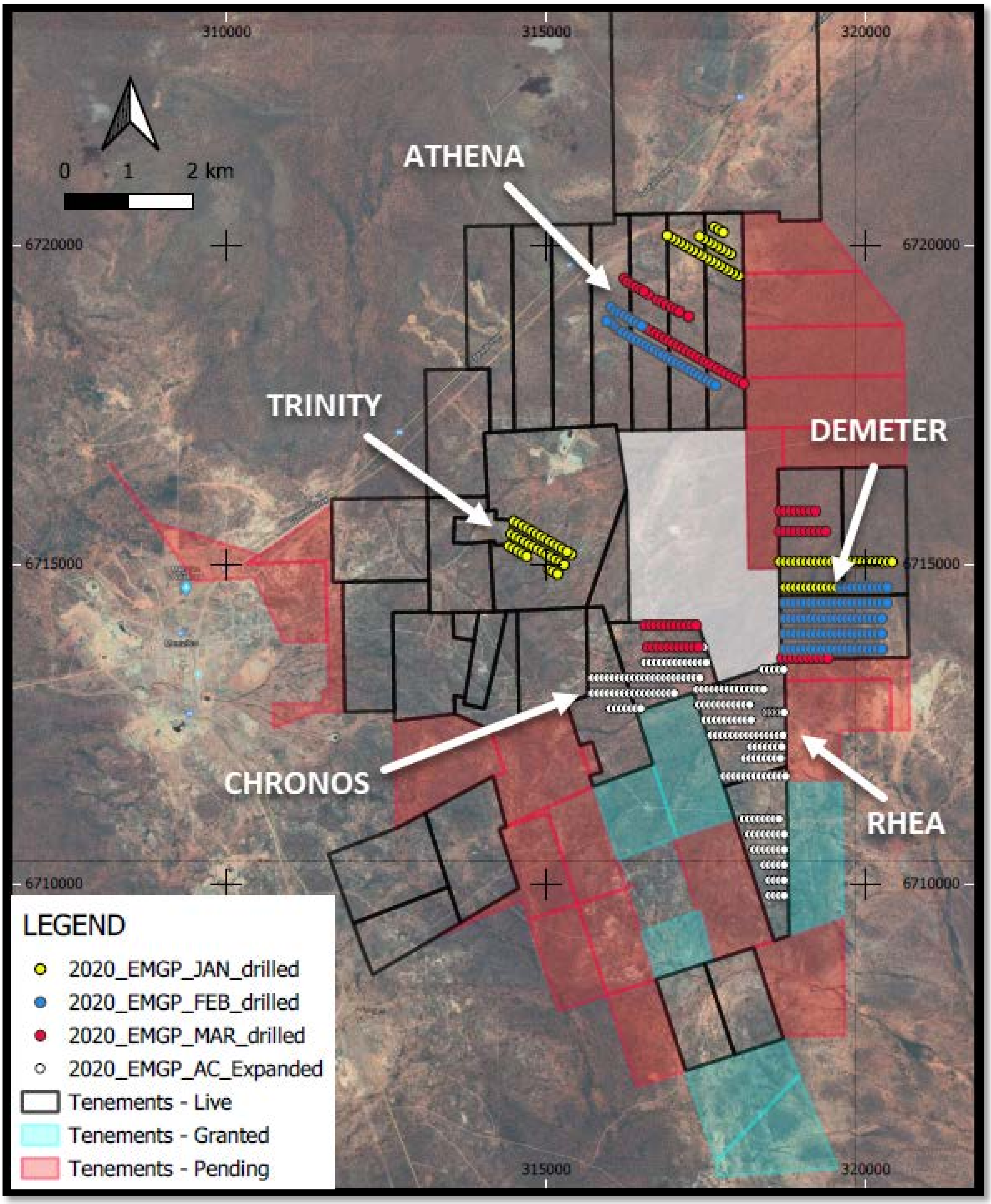


Figure 1: EMGP March Quarter Activities

Additional Programmes of Works have been submitted to DMiRS over tenements of the EMGP's western zone (figure 2). Significant historic workings cover this area, yet drilling density is sparse offering a number of walk up drill targets.

Approvals are expected in Q4, with the regional drilling programme expecting to expand into this area Q4/Q1.

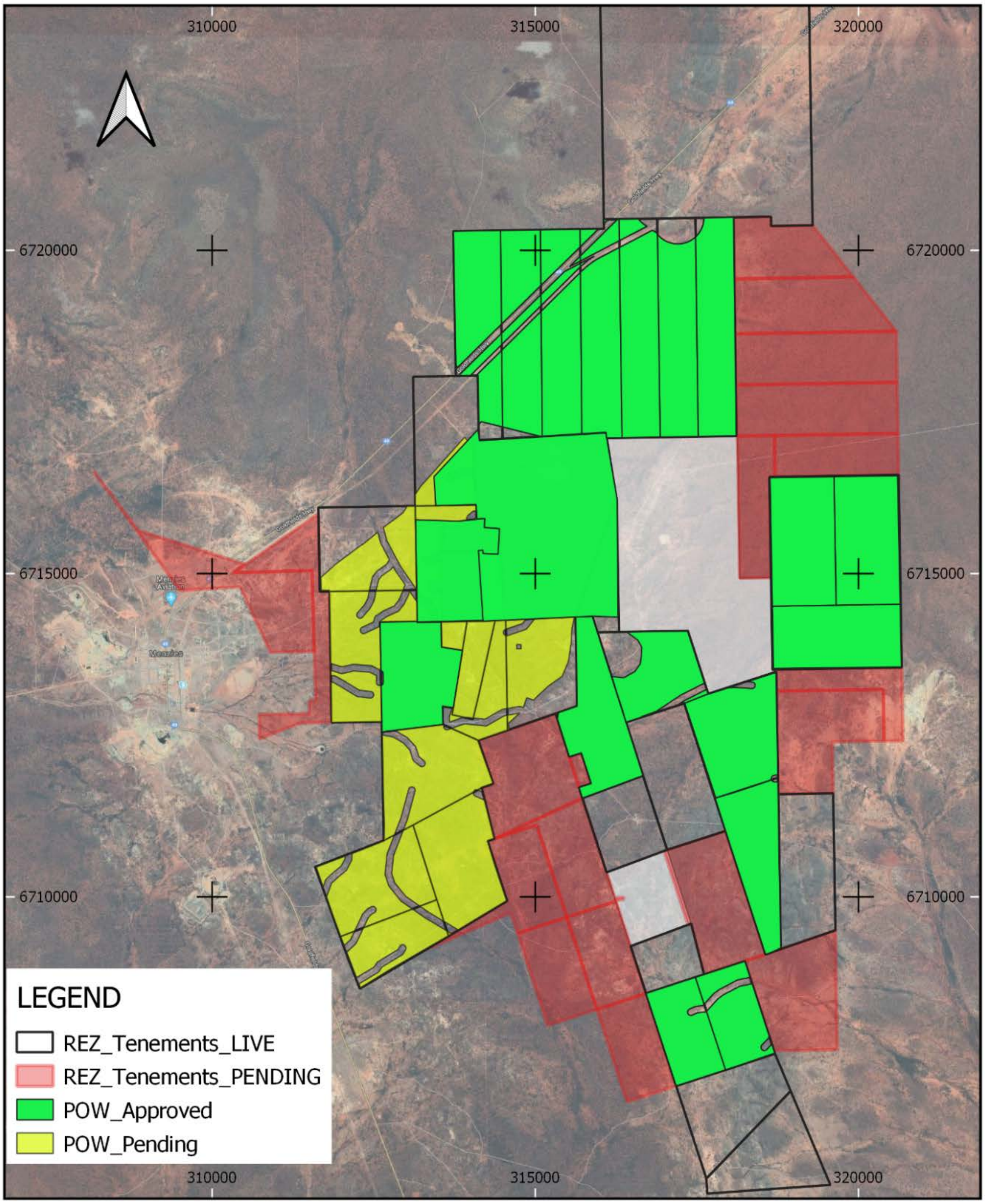


Figure 2: PoW Application Status at March 31st 2020

Mount Mackenzie Gold Project (MMGP) – Bowen Basin, Queensland

During the quarterly period mine planning and scheduling studies have been completed as part of project studies directed finalising the preferred base case for project feasibility. In order to more fully understand the impact a higher gold price and throughput capacity has on the financial performance of the project the company has been re-evaluating the projects mineral resource estimate. Pit optimisation using a gold price of $2400/oz and a mining-processing rate of 500kta is also being carried out as part of this process.

A release of the findings was made to ASX on 28 April 2020.

Radio Gold– Western Australia

As announced on 14 April 2020, REZ is divesting its remaining interest in the Radio Gold project in Western Australia for $1.5m to Summit Resource Holdings Pty Limited. Due diligence is currently being conducted by Summit and, once successfully completed, settlement is expected to occur prior to the end of May 2020.

June Quarter Activities

- East Menzies Gold Project
    - Extensive +15,000m regional RAB drilling programme
    - Evaluation of results and further drill planning
    - Progress third party offers for campaign mining
- Mount Mackenzie Gold Project
  Review opportunities that fit the company's technical and commercial criteria

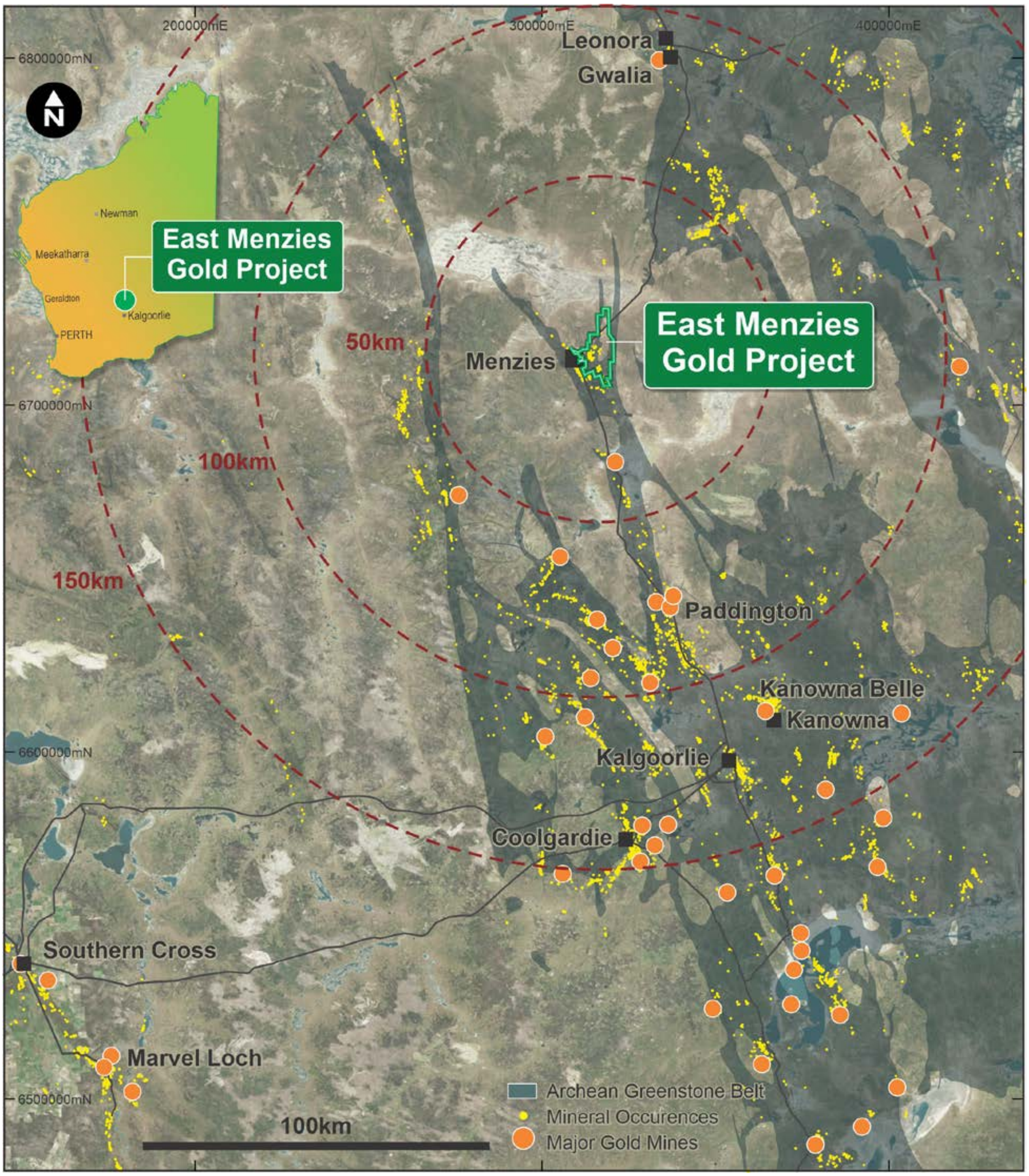
Capital Raising and Cash Flow

As of 31 March 2020 REZ held cash of $700,000. REZ will continue to be focused on its exploration activities in the next two quarterly periods and we expect that the Company will continue to incur operating cash out flows. However, as released to ASX on 30 March 2020, in response to the continuing crisis arising from the Covid19 virus the company has taken steps to reduce its monthly and quarterly outgoings, including temporarily suspending further drilling activity, reducing the management team and curtailing other costs.

The Board considers that the:

- cash held;
- the likely realisation of $1.5 million from the sale of the group's interest in the Radio Gold mine; and
- the remaining prepayment of drilling services of $348,000;

represent sufficient financial resources to meet its current business objectives. Further capital raisings will be considered as the exploration program progresses.



Authorised for release by the Board of REZ

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