



RESOURCES & ENERGY

Resources & Energy Group Limited

ASX Announcement

5th October 2022

Exploration Activities Commence at East Menzies

Highlights

- 32-hole drill program for 4200m at East Menzies underway
- Contractor mobilized for Moving loop electromagnetic (MLEM) survey over Springfield
- Exploration activities are fully funded from recent gold sales completed at Granny Venn

Resources & Energy Group Limited (ASX: REZ) (REZ or the Company), a mineral resources explorer and miner with projects in premier mining jurisdictions, is pleased to advise it has commenced drilling operations at the Company's East Menzies Goldfield Project in Western Australia.

A total of 32 holes have been planned for an advance of 4200m. Wireline Services Group (WSG) have also mobilized to site to commence work on a moving-loop electromagnetic (MLEM) survey over the Springfield prospect. The drilling and geophysical investigations are targeting multiple prospects within the greater East Menzies Goldfield Project area including Gigante Grande, Maranoa, Granny Venn North and Oliver Twist Gold prospects and the Springfield Gold and Nickel prospect. These are the first of a series of campaigns the Company will be undertaking over the next several months. The work is fully funded from cash flow generated from recent mine operations and sales completed at Granny Venn in July 2022.

REZ Director, Dan Moore commented:

"The current exploration program of works is one of our biggest in the last couple of years. The intended outcomes are to continue gold mining operations at Menzies, unlock potentially substantial gold resources in the east at Gigante Grande and to the north of Granny Venn, and gather more data on critical mineral prospectivity to the south at our Springfield Prospect".

The prospects which are being targeted by the exploration programs are shown on figure 1 and described below.

Gigante Grande

The Company targeted the Gigante Grande Prospect following a regional air core drilling program in August 2020. RC drilling in September 2020⁽¹⁾ resulted in the first high grade hole 20EMRC012-20m@5.1g/t au from 116m, including 1m at 76g/t au from 134m. The gold mineralisation is interpreted to be associated with a steeply dipping high rheological contrast zone which in general runs through the entire length of the Gigante Prospect. The rheological contrast is represented by the Gigante Granite on the west, ultramafics in the middle, meta-mafic and basalts on the east.

The mineralised area drilled to date has a length in the order of 1,200m and remains open to the north and south along strike and down dip to the west. Broad zones of gold mineralisation have been intersected with depths as shallow as 11m (EMRC001- 8m@1.77g/t) and as deep as 186m (EMRC46-8m@2.14g/t). Within this zone, 65 RC holes have been completed with an aggregate meterage of 8639.

Of this quantum 45 holes have intersected 157 intervals of gram level mineralisation, with an aggregated thickness of 563m. At a COG of 0.3g/t Au the mineralised intervals have a weighted grade of 2.03gt/au. These are very strong indicators that the prospect has potential to support large and shallow open cut gold mining operations.

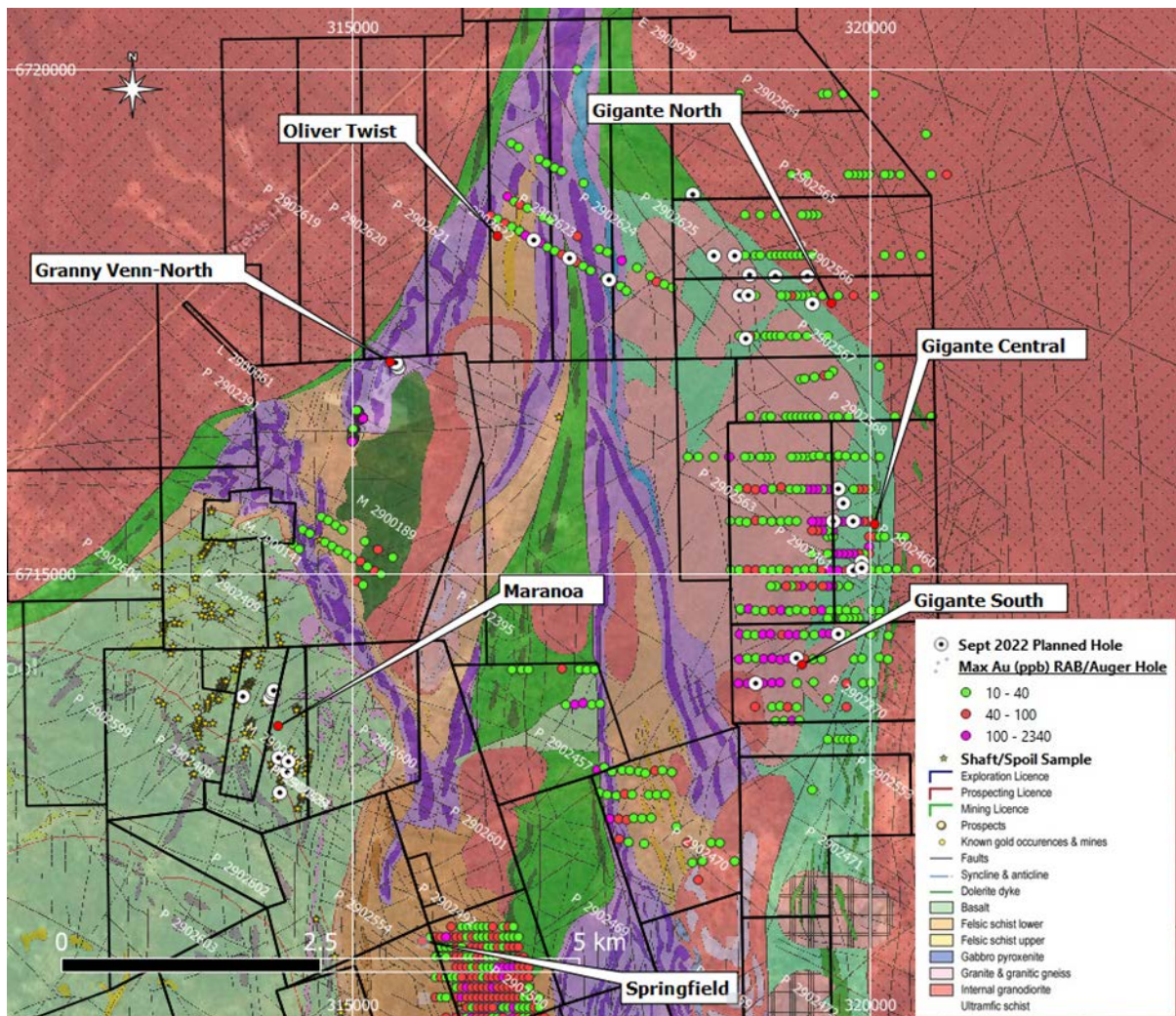


Figure 1 Drillhole and Prospect Location Plan-Superimposed on Litho-Structural Interpretation

The Gigante Grande prospect has been subdivided into three geographical domains: Northern, Central and Southern. The drilling program will be targeting each of these areas. Commencing in the North, five areas of anomalous bedrock gold mineralisation have been identified. All of these are controlled by NW-NNW shear zones associated with movement along the Moriarty Shear Zone. A program of RC drilling has been prepared to drill test the Gigante North area. This comprises 7 holes for a combined advance of about 1200m of drilling. The locations of the holes are shown on figure 1.

In the central part of Gigante, 7 holes for a cumulative advance of about 1000m are proposed to further test the resource potential of this prospect. The locations of these holes are shown on figure 1. Six of these holes are planned to test for resource extensions to the north and west, and two holes are drill testing historic +40ppb gold in bedrock anomalies. In the southern part of the prospect three step out holes are planned to test a resource extension to the south of existing hole 21EMRC001⁽³⁾ (8m@1.66g/t au from 11m and 17m@2.79gt/au from 55m).

Maranoa

The Maranoa is a granted Mining License (M29/427) and is being investigated as part of the Company's strategy to identify near term and low capital cost mine development opportunities along the western

side of the East Menzies Project area. In May 2022, the Company completed a program of shallow RC investigations at Maranoa. This work generated numerous high-grade intervals of shallow gold mineralisation, with peak assays of 5m @ 7.95gt/au from 3m, including 1m@ 32.7gt/au from 6m in MR24⁽²⁾, offering potential for open cut mining development.

Maranoa is one of many northeast-trending sub-parallel shear zones on the west side of the East Menzies Project area. These zones occur within a sequence of weakly foliated close-grained metavolcanics with gold mineralisation in quartz veins and contact alteration boundaries within. Apart from the Maranoa lode, others in the suite include True Blue, Alexandra, Picton, Kensington, Sunday Gift, Viking, Brilliant and Luxemburg. Historical production records show that these prospects are high-grade, such as Kensington: 31.8g/t, and Sunday Gift 53.6g/t. Despite this, these working have never been drill-tested.

In the main, the lode systems are typically 1-4m thick, have a strike in the order of 200-300m, dip at 70°-80° southeast, and plunge 30-45° south. They are conspicuously displayed by lines of historic gold reef workings which have exploited the mineralised trend along the east limb of the Goodenough Syncline.

The drilling program has been designed to test whether there is any continuity in the Sunday, Birthday Gift and Lady Min line of workings, and whether these additional lode systems can be bulked together to support a larger scale of mining operations integrated between M29/427 and M29/434. Seven holes, with a cumulative meterage of 560m are planned to test this concept. The locations of the drillholes are shown on figure 2.

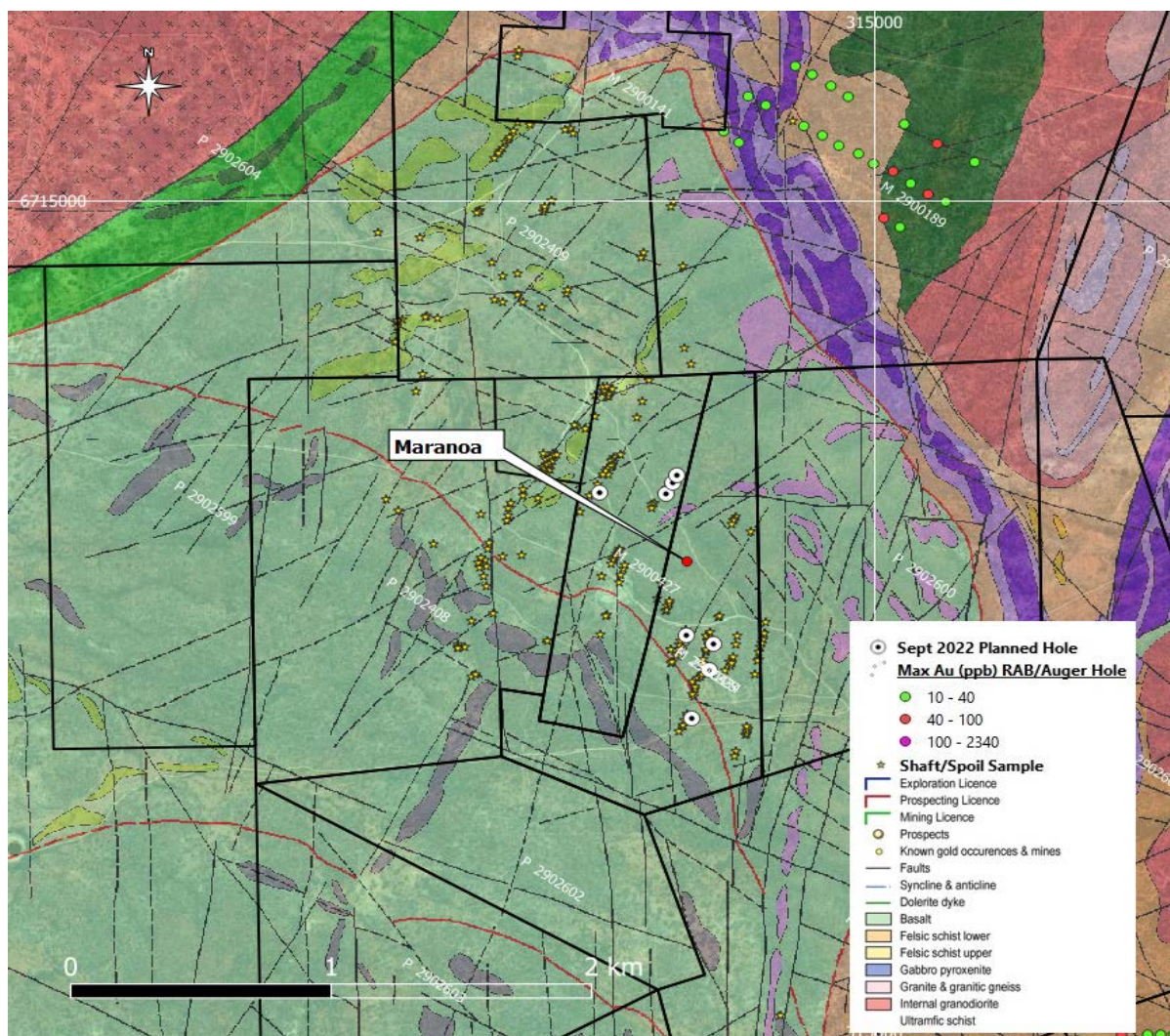


Figure 2 Maranoa Drillhole location Plan

Granny Venn North

Recent mining within the Granny Venn Cut back identified a potential extension to the resource in the northern end of the pit highwall. The presence of a high-grade shoot had previously been speculated by the Company and was confirmed by the final rounds of blast hole drilling in the pit which intersected a number of high-grade intervals of gold mineralisation in the pit floor. The mineralisation trend established from mining is 026° with a gentle plunge to the north. This orientation aligns with the Springfield Venn Corridor

Resource modelling of the final Granny Venn Pit void identifies the extension as a potential flat lying body of mineralised rocks trending north, into P29/2622, 2623 and 2624. Three holes for an advance of 440m are planned to test this extension, refer figures 3 and 4.

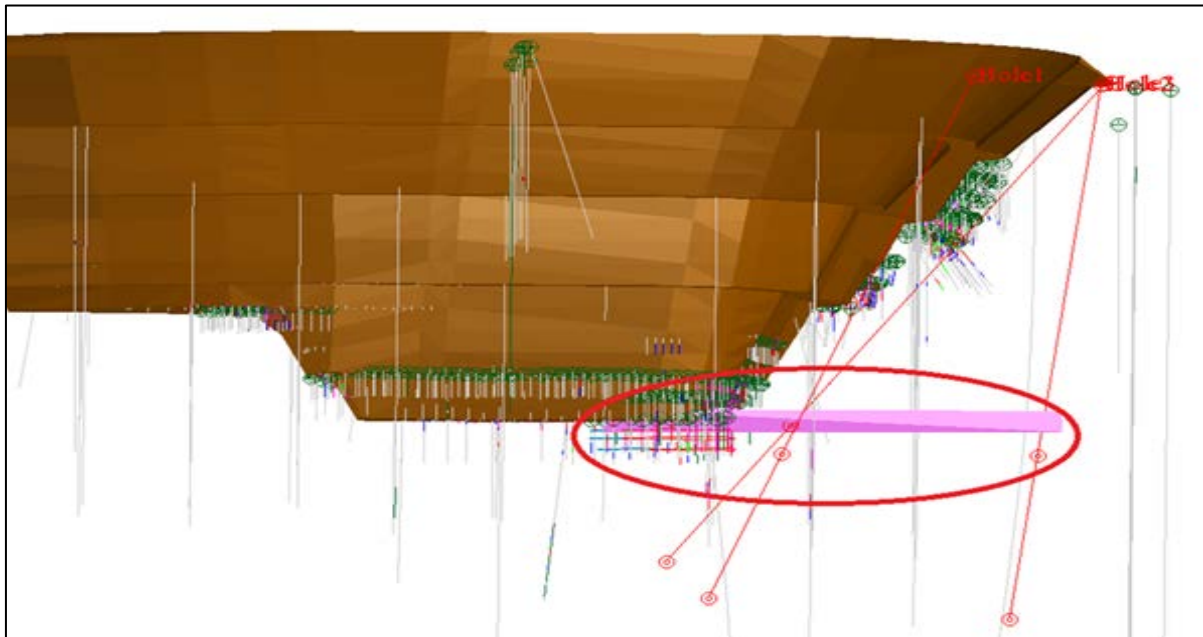


Figure 3 Long Section (A-B) view of Granny Venn, showing potential target areas for northern extension.

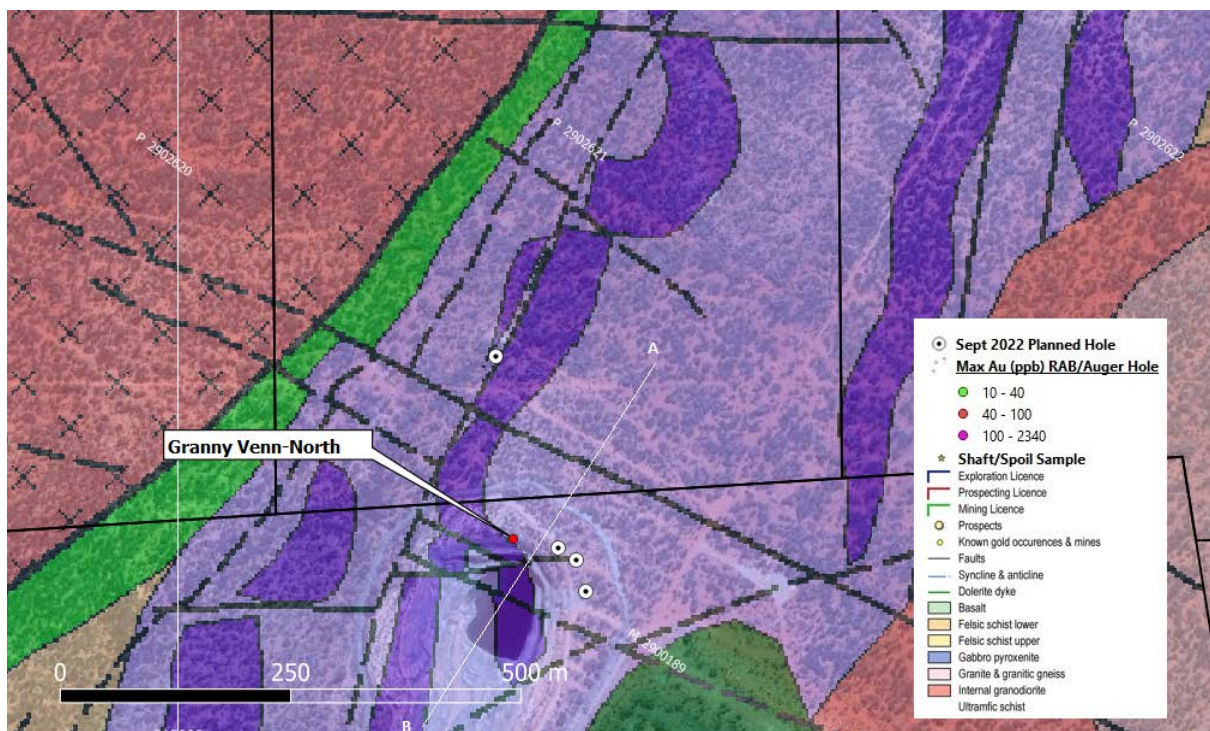


Figure 4 Granny Venn-North Drillhole Location Plan

A successful outcome from the Granny Venn north drilling would open up a considerable amount ground for repeat occurrences of the Granny Venn orebody, which would be amenable to underground or open cut mining development.

Oliver Twist

The Oliver Twist Prospect broadly encompasses the area of convergence between the Moriarty Shear Zone on the east and the Springfield Venn Shear Zone on the west. In 2020 the Company completed several lines of Air-Core and RAB drilling over this prospect. The air-core work identified several zones of anomalous +50ppb au in bedrock mineralisation. The proposed program of work has been designed to test the most prospective of these, which are represented by boreholes 20EMAC129, 134, and 140. Three scout holes are planned for an advance of 450m to test these occurrences and provide guidance on depth of regolith and lithology for future exploration planning. The locations are shown on figure 5.

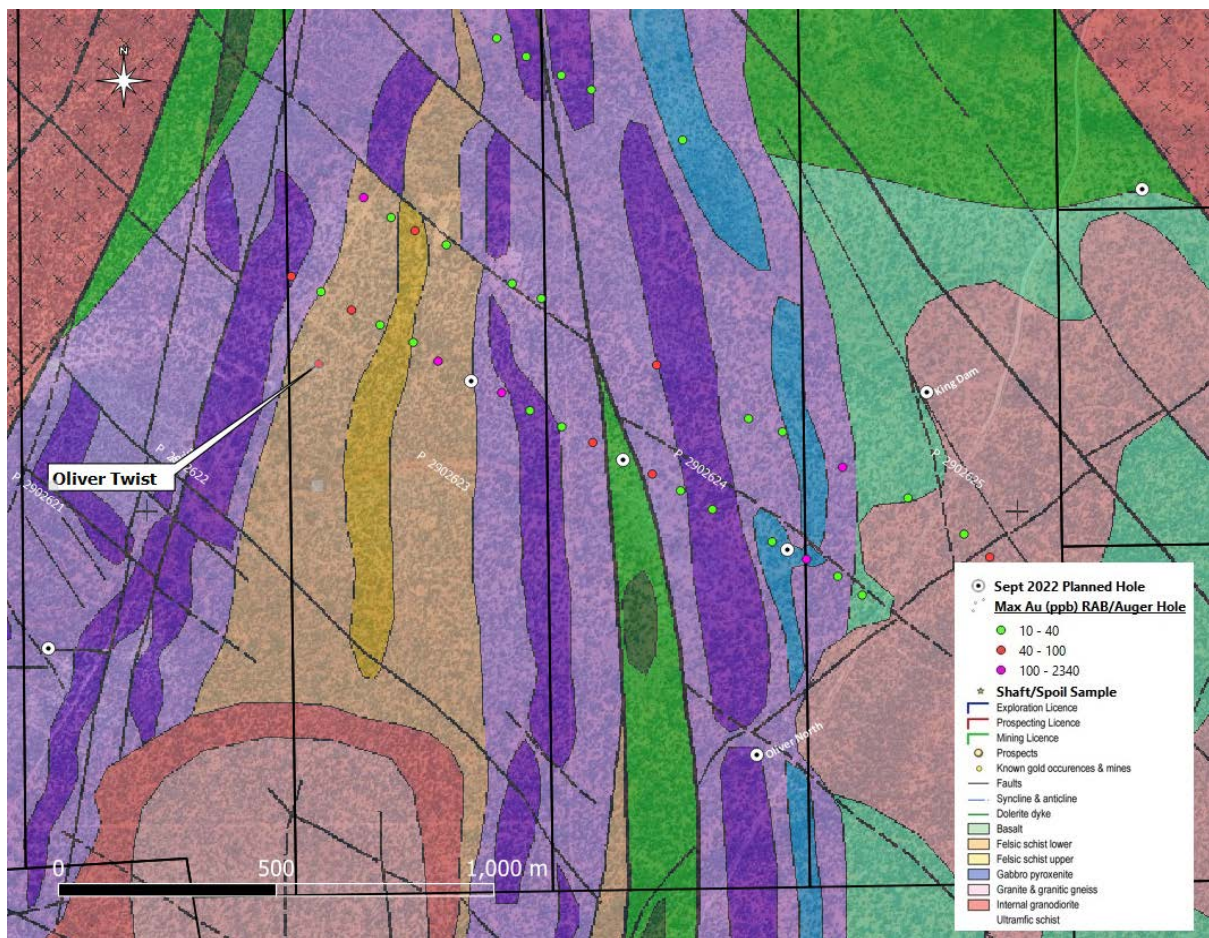


Figure 5 Oliver Twist Drillhole Location Plan

Springfield

The Springfield area was identified by the Company following a review of historical exploration and gold mining activities. The documented occurrences of sulphides north of Springfield at Cepline are also prospective features for the occurrence of volcanogenic nickel and base metal.

The Springfield Prospect geology comprises a highly deformed and altered sequence of Archean rocks which include:

- I) Upper Mafic – High Mg basalts
- II) Sedimentary- Pyritic chert, slate, banded amphibolite, fuchsite, tuffaceous metasediments
- III) Lower Ultramafic – Meta-komatiites

Scout drilling carried out over the prospect by the Company in late 2021 intersected a number of zones of disseminated sulphides. Multi-element analysis over selected intervals from this drilling returned significant intervals of anomalous mineralisation with a peak down the hole result of 1m @1.78% Ni, 5% S, 269ppm Mo and 245ppm Cu from 98m in SFRC01⁽⁴⁾.

Petrological investigations on a suite of samples from the scout program confirmed the presence of recrystallised Ni-Fe sulphides of primary magmatic origin. These were hosted within a meta-birbirite, which is a highly silicified form of komatiite.

The confirmation of magmatic Ni-Fe sulphide mineralisation is a significant and material exploration result for the Springfield Project and the East Menzies Package in general. It allows for the possibility that the ultramafics and nearby lithologies may host larger accumulations of disseminated and massive Ni-Fe sulphides.

To assist with target generation the Company engaged Aarhus Geophysics to reprocess an existing HeliTEM survey over the project area, with the object of removing the effects of conductive overburden. The presence of Induced Polarisation (IP) effects hinders interpretation of AEM data and could potentially hide discrete weak to moderate conductors. As a result of this work 21 features have been identified in the vicinity of the Springfield prospect that would have been hidden had IP not been taken into account, refer figure 6. These features are being modelled to evaluate whether they could represent discrete bedrock conductors for follow-up drilling.

The Company has also commissioned Wireline Services Group to carry out a ground Moving Loop Electromagnetic (MLEM) survey over the prospective komatiite basement which extends between the Cepline and Emu prospects at Springfield. This work is expected to be completed over the next few weeks. The planned MLEM stations are shown on figure 6.

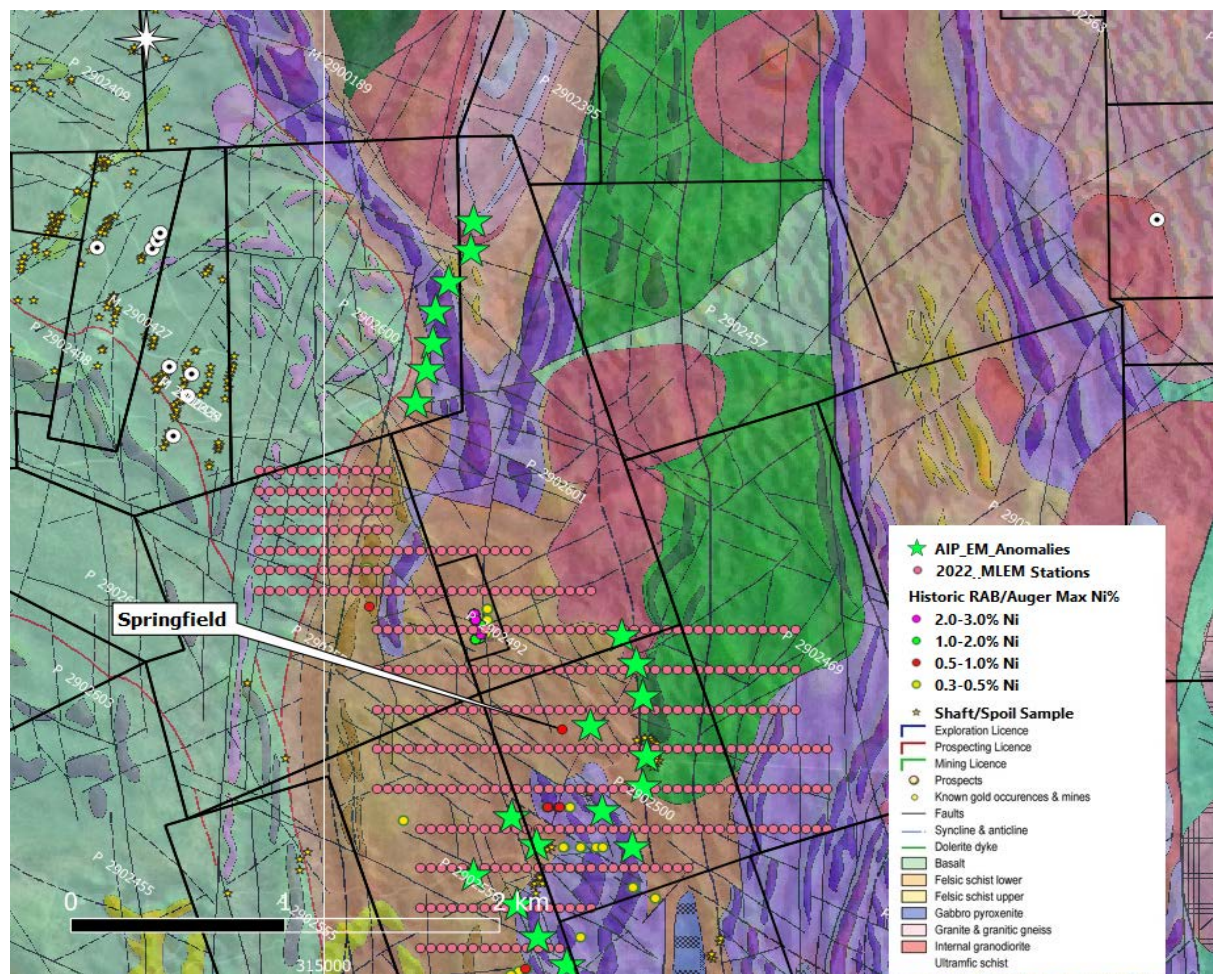


Figure 6 Springfield Prospect Showing Locations of AIP_EM Anomalies and Proposed MLEM Survey

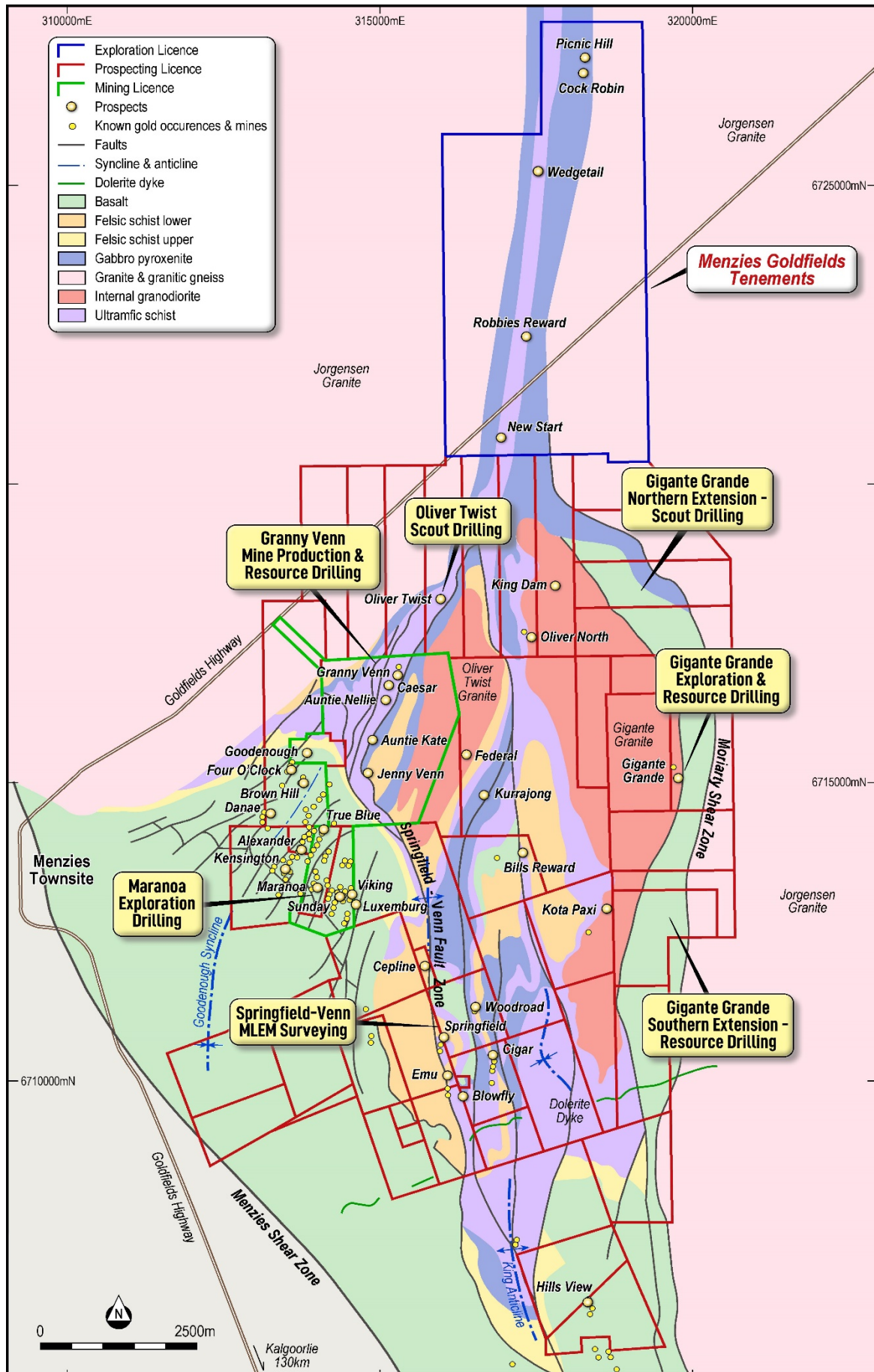


Figure 7 East Menzies Project tenement and Operations Plan-June 2022

Deposit	Material	Cut-off (gt/Au)	Indicated					Inferred					Indicated and Inferred				
			Tonnes (kt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)	Tonnes (kt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)	Tonnes (kt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
Mount Mackenzie	Oxide	0.35	500	1.09	8	18	136	700	0.96	4	21	87	1200	1.02	6	39	223
	Primary	0.55	1200	1.25	13	48	482	1030	1.28	5	42	157	2220	1.27	9	90	639
Goodenough	Primary	1	634	1.84		38		82	1.99		5.2		716	2.07		43	
Granny Venn ⁽¹⁾	Primary								2.14		2.9		175	2.1		2.9	
Maranoa	Primary	1						46			8	8.05	46	5.7		8	
Total			2334			104	618	1858			79	252	4357			183	862

Table 1 Resources and Energy Group Resources ⁽¹⁾ Depleted for Mining Activity at GVCB

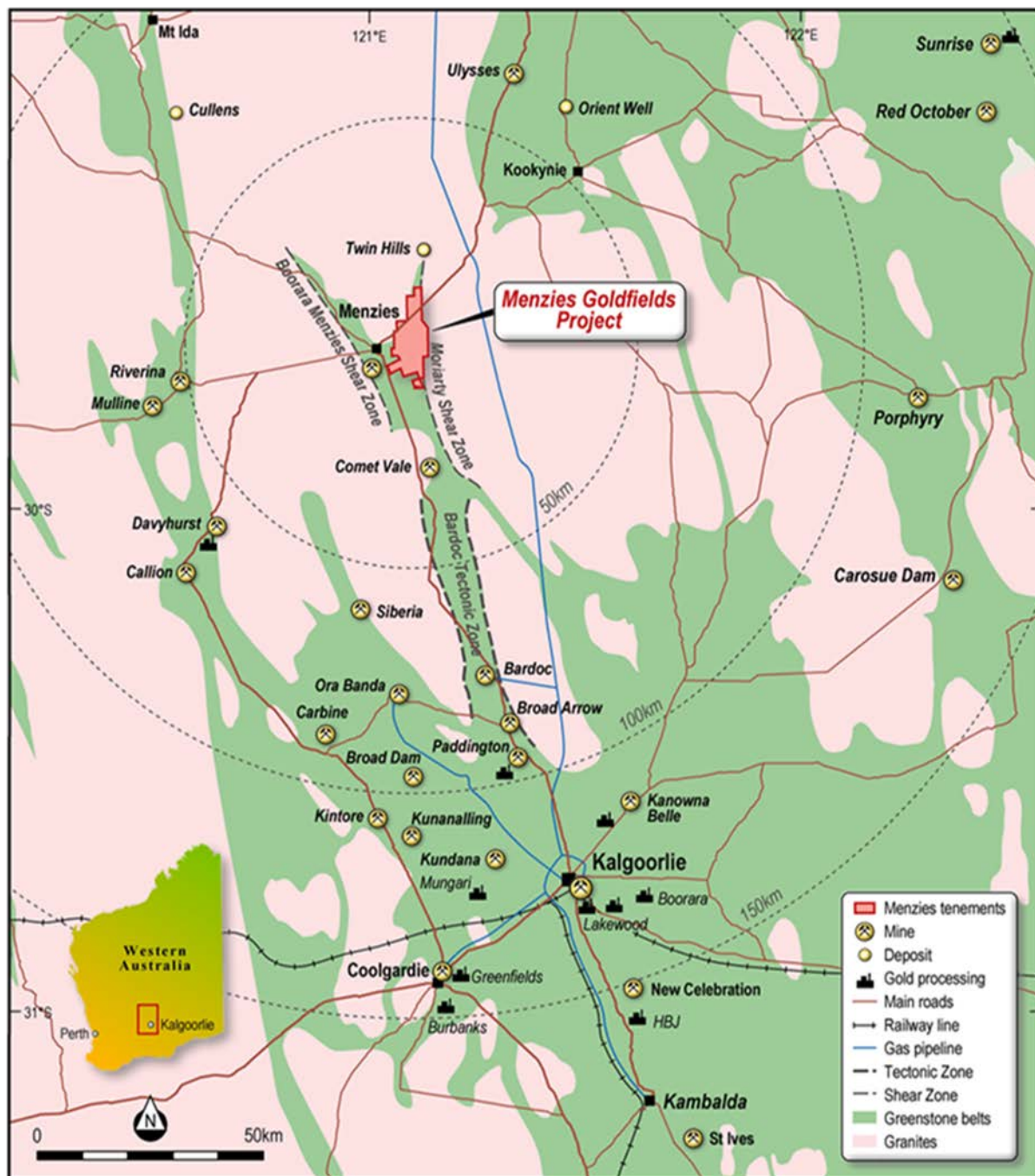


Figure 8; East Menzies Gold Project-Regional Location Plan

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Approved for Release by the REZ Board

Further information:

J. Daniel Moore

Director

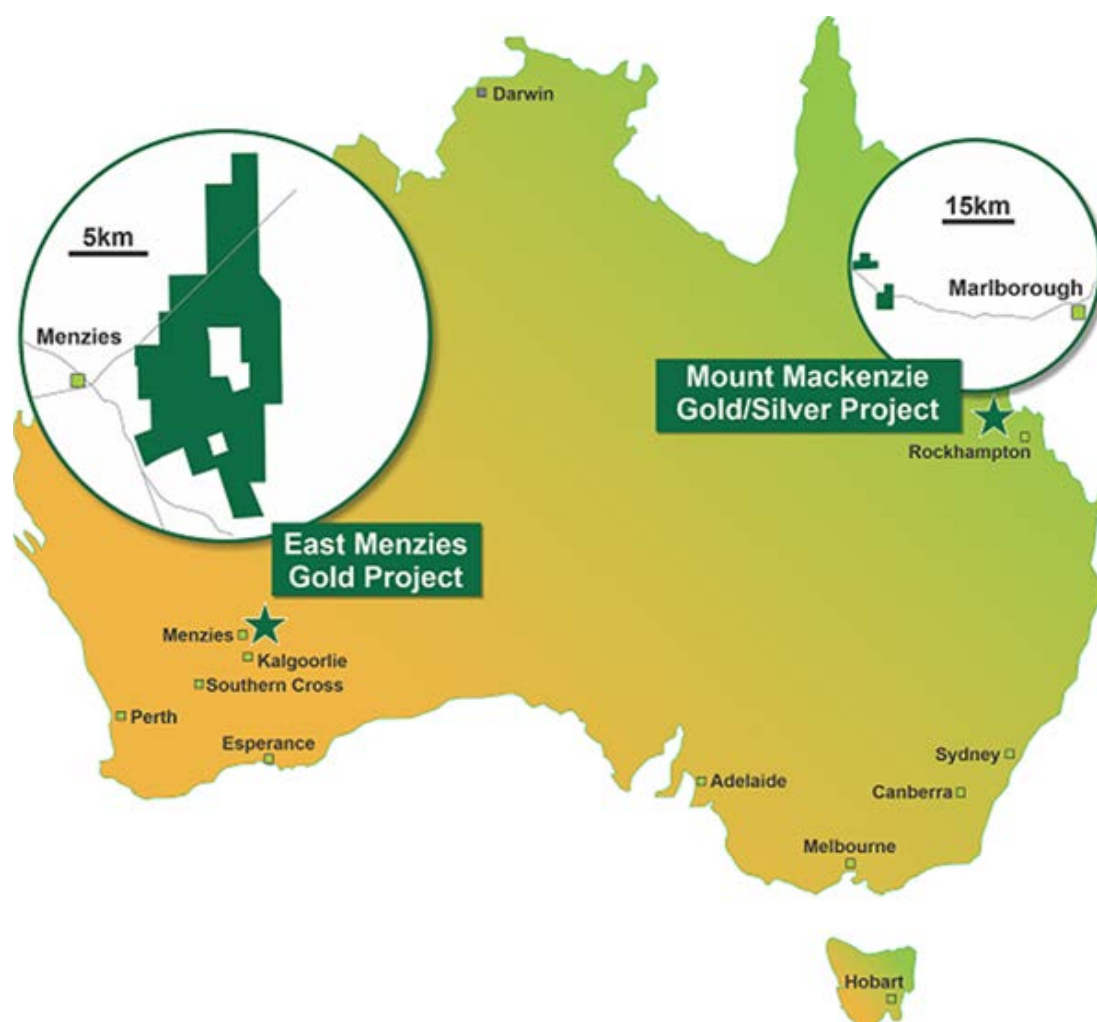
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(1) ASX Release October 2020, (2) ASX Release May 2022, (3) ASX Release May 2021, (4) ASX Release November 2021, (5) ASX Release June 2022

About Resources and Energy

Resources and Energy Group Limited (ASX: REZ) is an independent, ASX-listed mineral resources explorer and miner, with projects located in premier mining jurisdictions in Western Australia and Queensland. As of July 2021, the Company has delineated gold and silver resources of 183k oz/au and 862k oz/au ag: refer to Table 1.



In Western Australia, the Company's flagship is the East Menzies project (EMP), situated 130km north of Kalgoorlie. The EMP represents a +100km² package of contiguous mining, exploration, and prospecting licenses which are prospective for precious metals, nickel, and other technology metals. The tenements are located within a significant orogenic lode gold province, figure 8.

The EMP currently encompasses five operational areas, including the Gigante Grande Gold prospect on the east side project area, refer to figure 7. In the southwest, drilling investigations at Springfield have intersected magmatic Ni sulphides. This is a significant material exploration result that has opened up a large tract of prospective ground for nickel, cobalt, copper, and platinum group elements. In the central west, the Company is investigating opportunities for mining operations in M29/189 Granny Venn, M29/141 Goodenough, and M29/427 Maranoa, with drilling programs at Granny Venn and Maranoa currently underway.

In Queensland, the Company has a 12km² Mineral Development Licence over the Mount Mackenzie Mineral Resource and retains a further 15km² as an Exploration Permit. These tenements are prospective for high, intermediate, and low sulphidation gold and base metals mineralisation. The current MRE for Mount Mackenzie has been estimated at 3.42Mt @ 1.18g/t gold and 9g/t silver for a total of 129,000 oz gold and 862k oz silver: refer to the Resource Summary. The Company is carrying out mining, groundwater, ecological, and metallurgical studies, to inform a PFS study and an application for an Environmental Authority to develop the project.

Competent Persons Statement and Consent

The information in this release related to Exploration Results is based on and fairly represents information compiled by Mr Michael Johnstone Principal Consultant for Minerva Geological Services (MGS). Mr Johnstone is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the reporting of Exploration Results to qualify as a Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Johnstone consents to the inclusion in this release of the matters based on their information in the form and context it appears.