

ASX Release

28 October 2020

## September 2020 Quarterly Activities Report

# RC Drilling Program Intersects a High-Grade Vein and Shear Hosted Gold System at Gigante Grande

## Highlights

- **East Menzies Gold Project:**
  - Air-core investigations completed for an advance of 5684m
  - Multiple +100ppb gold in regolith anomalies identified, 2,500m by 400m zone
  - 32 RC holes completed for an advance of 3701m
  - Waiting on 27 holes, received 5 drill hole results to date
  - High grade results delivered from Gigante Grande Prospect.
  - Pit optimisation and resource estimation underway at Goodenough (M29/141) and Granny Venn (M29/189)
- **Mount Mackenzie Gold Project**
  - Planning work for next round of drilling investigations underway
  - Completed pit optimisation and LOM scheduling for a 500,000kta development option

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

### **East Menzies Gold Project (EMGP) – Western Australia**

Field activities at the EMGP included the completion of air core investigations and commencement of reverse circulation drilling at Gigante Grande, Chronos and Goodenough prospects. The air core program resulted in the completion of 5684m of drilling which was distributed over 208 boreholes. The program confirmed a number of historic +100ppb gold in regolith anomalies distributed over the Gigante Grande and Chronos Prospects <sup>(1)</sup>, refer figure1. As a result of this finding the company suspended further air core work, and brought forward reverse circulation drilling, to drill test the anomalies.

A total of 20 holes for an advance of 2242m were completed at Gigante, with a further 10 holes for 1208m at Chronos, and 2 holes at Goodenough for 251m. The drilling activities at Gigante have intersected a high-grade vein and shear hosted gold system within the Gigante Granite. The mineralised interval is up to 66m thick. Within this zone a number of intervals of gold mineralisation with a peak assay of 1m@ 76.4gt/au from 134m were

obtained, this is inclusive of 18m@5.35gt/au from 118 down the hole from borehole 20EMRC012<sup>(2)</sup> refer figure 2.

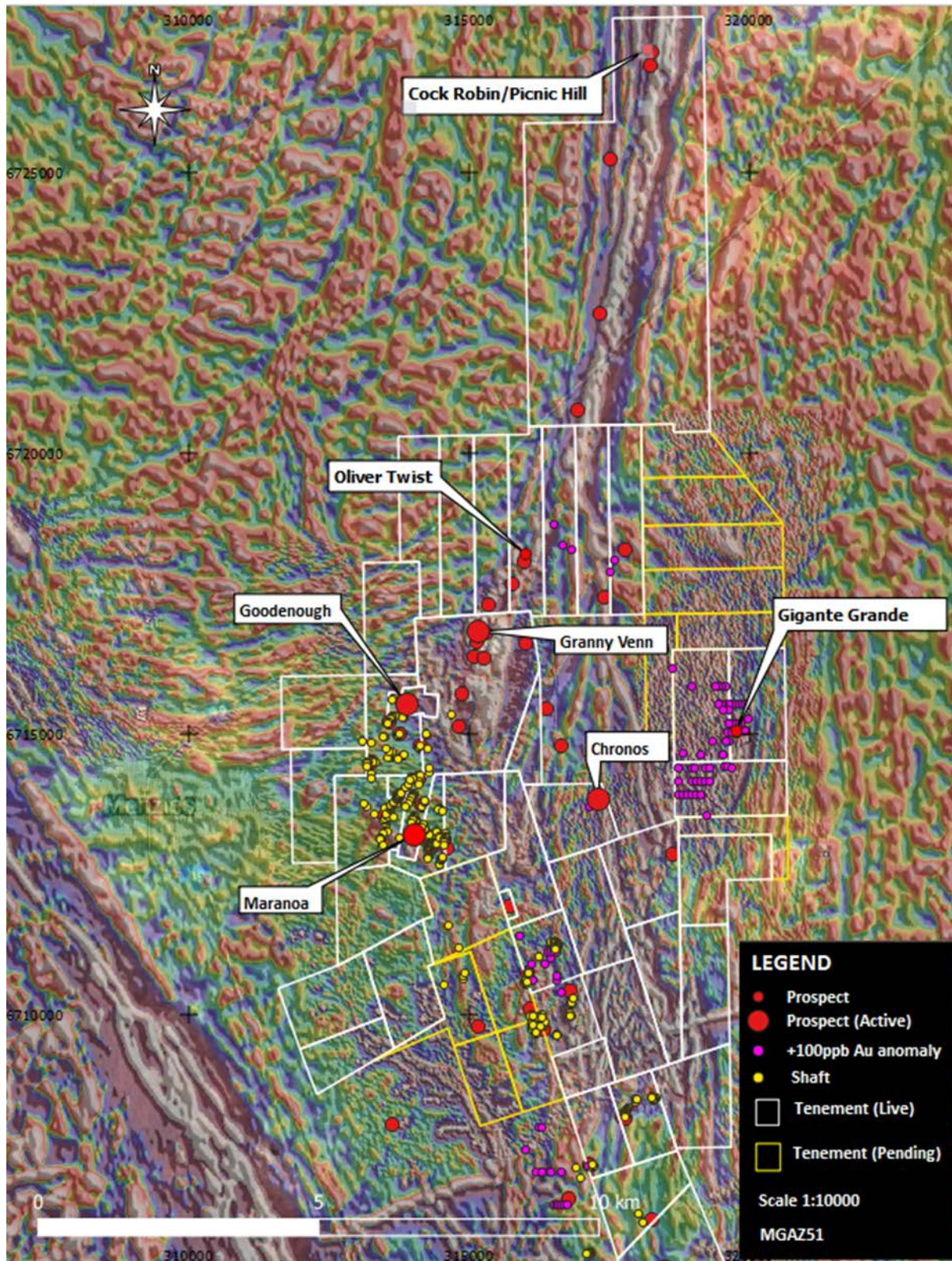


Figure 1: Prospect and Tenement Location Plan



Planning work for a second round of RC investigations, have commenced, whilst the company awaits the results for all drilling. Presently only 5 holes have been completely assayed 20EMRC001, 20EMRC002, 20EMRC003, 20EMRC004, and 20EMRC012.

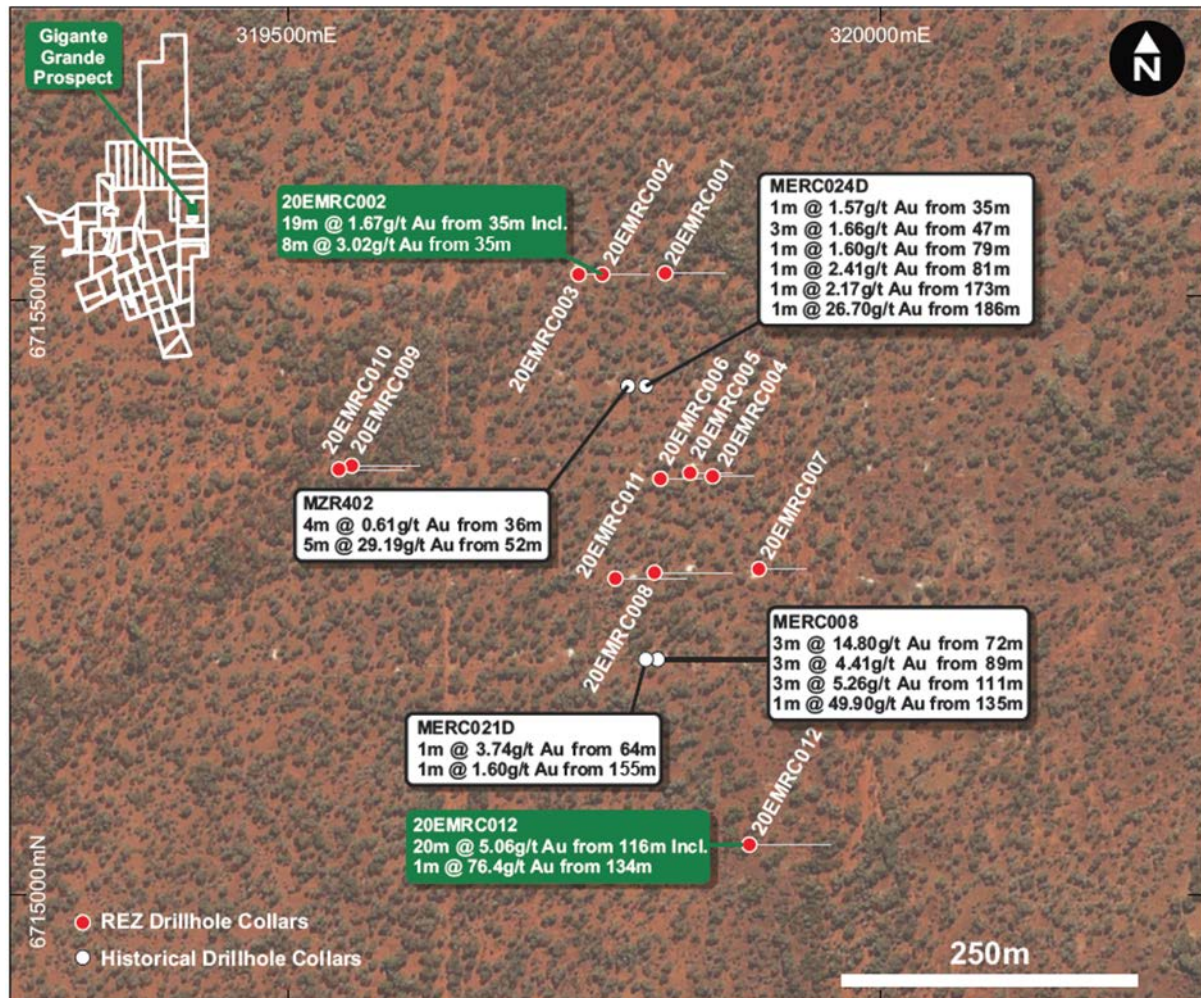


Figure 2: Gigante Grande-Borehole Location

Work has commenced on a resource upgrade at the Goodenough and Granny Venn Mining Leases. This work is part of a program of studies the company is implementing to investigate the feasibility of resuming operations within these tenements.

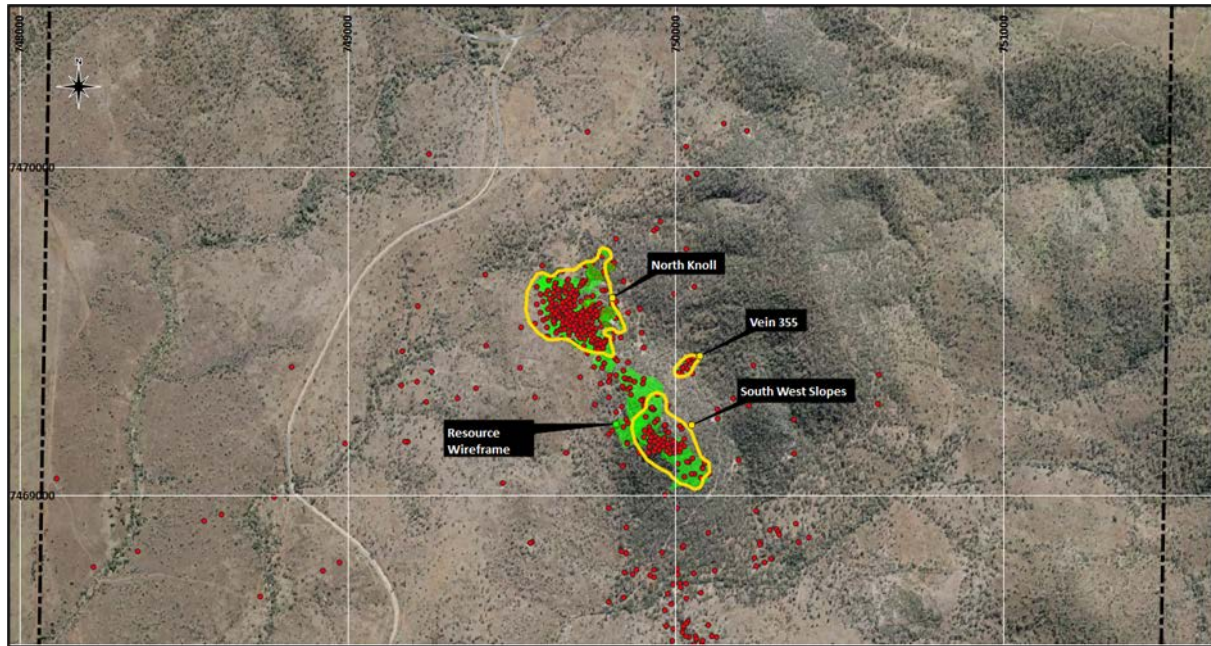
### Mount Mackenzie Gold and Silver Project (MMGP) – Bowen Basin, Queensland

During the period, the company has updated the project scoping study and completed pit optimisation and LOM scheduling for a 500,000kta development option using the recently upgraded mineral resource estimate <sup>(3)</sup>. The results of this work have confirmed the potential for a low cost and profitable open cut development.

The optimised pit generates a production target of 2.2mt at a head grade of 1.32gt/Au and 8.5gt/Ag. At a mining rate of 500kta the development would have a LOM of approximately

62 months and would produce an estimated 94koz Au and 610koz Ag (mined) and 67koz Au and 392koz Ag (milled).

A program of reverse circulation and diamond drilling has been designed to enable conversion of remaining inferred resources to the indicated class. These resources are wholly located in the South West pit, refer figure 3. There are approximately 90 drill holes completed over the South West slopes providing points of observation generally less than 20m, and in some cases 10m or less. Ordinarily, the existing drilling density would be sufficient to qualify as an Indicated resource. However, the work completed lacks QAQC.



*Figure 3 Resource Shells and Distribution of Drilling*

As part of this program, bore core representing the primary sulphide ore zone will be submitted for metallurgical testwork, with emphasis on testing the amenability of the primary ore for preparation of a flotation concentrate.

The adoption of a crushing, grinding and bulk sulphide flotation process to produce a polymetallic concentrate has potential to unlock substantial additional feed sources at Mount Mackenzie. A significant part of the Primary (sulphide) ore is currently outside the optimised resource shell due to lower recovery by conventional CIL treatment.

The primary ore zone at Mount Mackenzie has not been closed off by drilling and remains untested generally below 80m. In this connection approximately 74% of all drilling completed has an average depth of 48m. Additional drilling is planned to test the resource extents at depth.



## Radio Gold– Western Australia

The balance of \$400,000 that was owing as at 30 June 2020 from the sale of the Company's interest in the Radio Gold mine was received on 15 July 2020.

## Activities Planned for the December 2020 Quarter

- East Menzies Gold Project
  - Plan and execute +5,000m targeted RC Drilling Programme
  - Heritage survey planning for newly granted tenements
  - 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 30 September 2020 REZ held cash of \$1,070,000. As announced on 27 October 2020, REZ is completing a capital raising of \$3.3 million that will allow its exploration program of the East Menzies tenements to continue as planned. REZ will 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 during that time.

## About Resources and Energy

Resources and Energy Group Limited (ASX: REZ) is an independent, ASX-listed mineral resources explorer, with projects located in key mining jurisdictions in Western Australia and Queensland. REZ aims to discover significant gold deposits in areas overlooked or under explored using modern exploration techniques.

In Western Australia, the company's flagship is the East Menzies Gold Project, a 112km<sup>2</sup> package of contiguous mining, exploration and prospecting licenses, which are located within a significant Orogenic lode gold province. In Queensland, the company has been granted a 12km<sup>2</sup> Mineral Development Licence over the Mount Mackenzie tenements, and retains a further 15km<sup>2</sup> as an Exploration Permit. These Development and Exploration Licences are in the Connors-Auburn Arc and are prospective for high, intermediate, and low sulphidation gold and base metals mineralisation. The current resource has been estimated at 3.42Mt @ 1.18g/t gold and 9g/t silver for a total of 129k oz gold and 862k oz silver<sup>1</sup>.

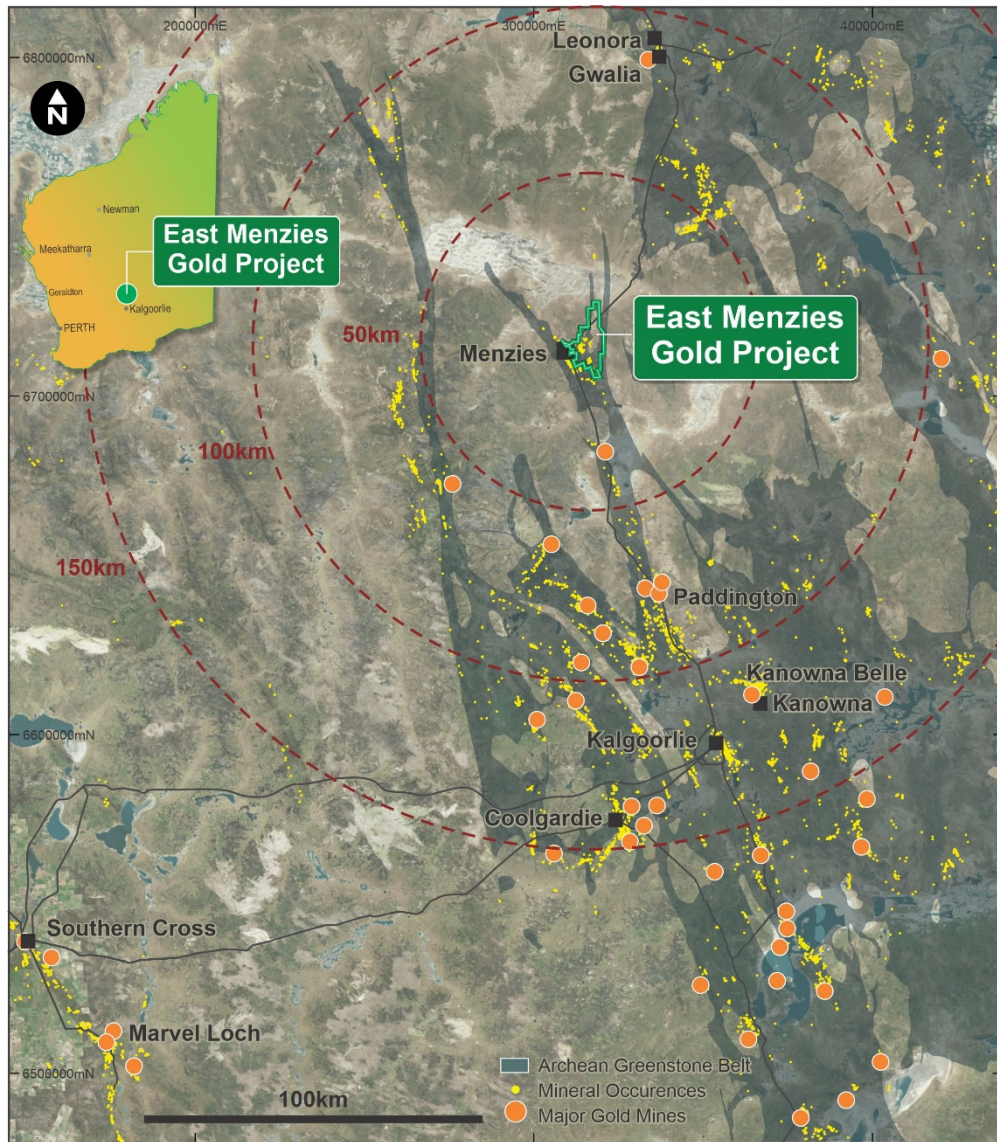
An initial scoping study for the project shows a positive net \$63m of free cash excluding any option to produce a concentrate from the primary ore<sup>2</sup>.

---

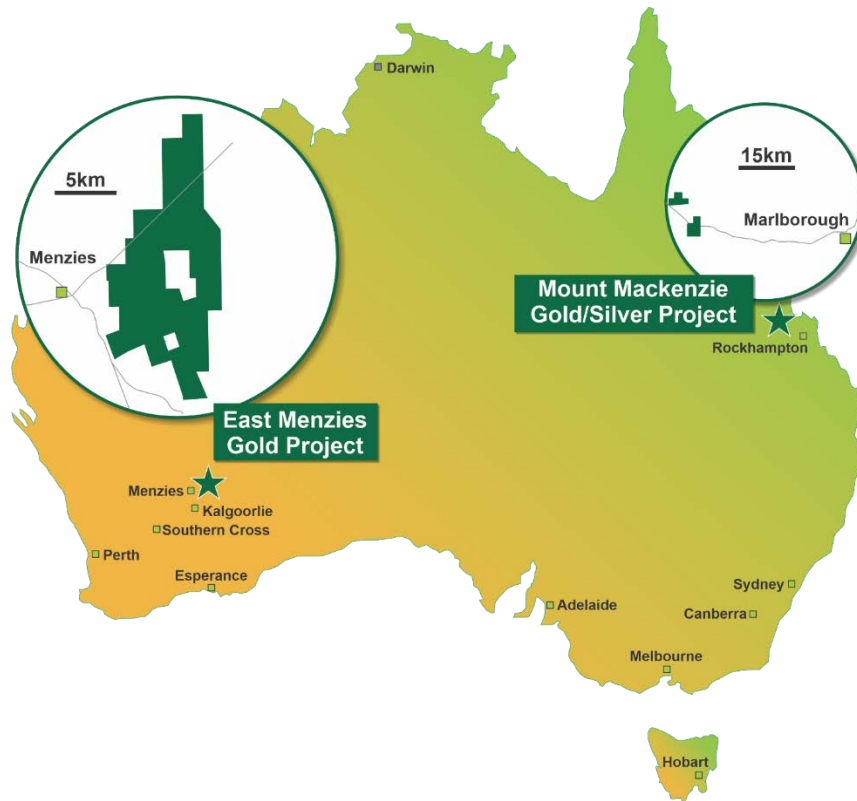
<sup>1</sup> Refer ASX release dated 19 May 2020

<sup>2</sup> Refer ASX release dated 1 July 2020

REZ Confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.



For personal use only



Authorised for release by the Board of REZ

Contact:  
Richard Poole – Executive Director  
E: [rjpoole@rezgroup.com.au](mailto:rjpoole@rezgroup.com.au)