

# RESOURCES & ENERGY

Resources & Energy Group Limited

ASX/Media Release

29 January 2021

## Quarterly Activities Report December 31, 2020

# Extensive shear and vein hosted gold system unveiled at Gigante Grande, JORC 2012 Resource Upgrade at Goodenough

## HIGHLIGHTS

- Multiple zones of gold mineralisation intersected at the Gigante Grande Prospect.
- Drilling has extended the strike length of mineralisation to 1,200m.
- An additional 4.6km of the prospective Moriarty Shear Zone unlocked.
- 11 prospecting licences over the EMGP have proceeded to grant.
- Goodenough Project Resource Upgraded to 42.7k oz Au.

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

### East Menzies Gold Project (EMGP) West Australia

During the report period the Company continued to investigate gold mineralisation at its Gigante Grande Prospect, which is located on the east side of the EMGP area. A total of 28 holes for an advance of 3517m 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 along its contact with the Moriarty Shear.

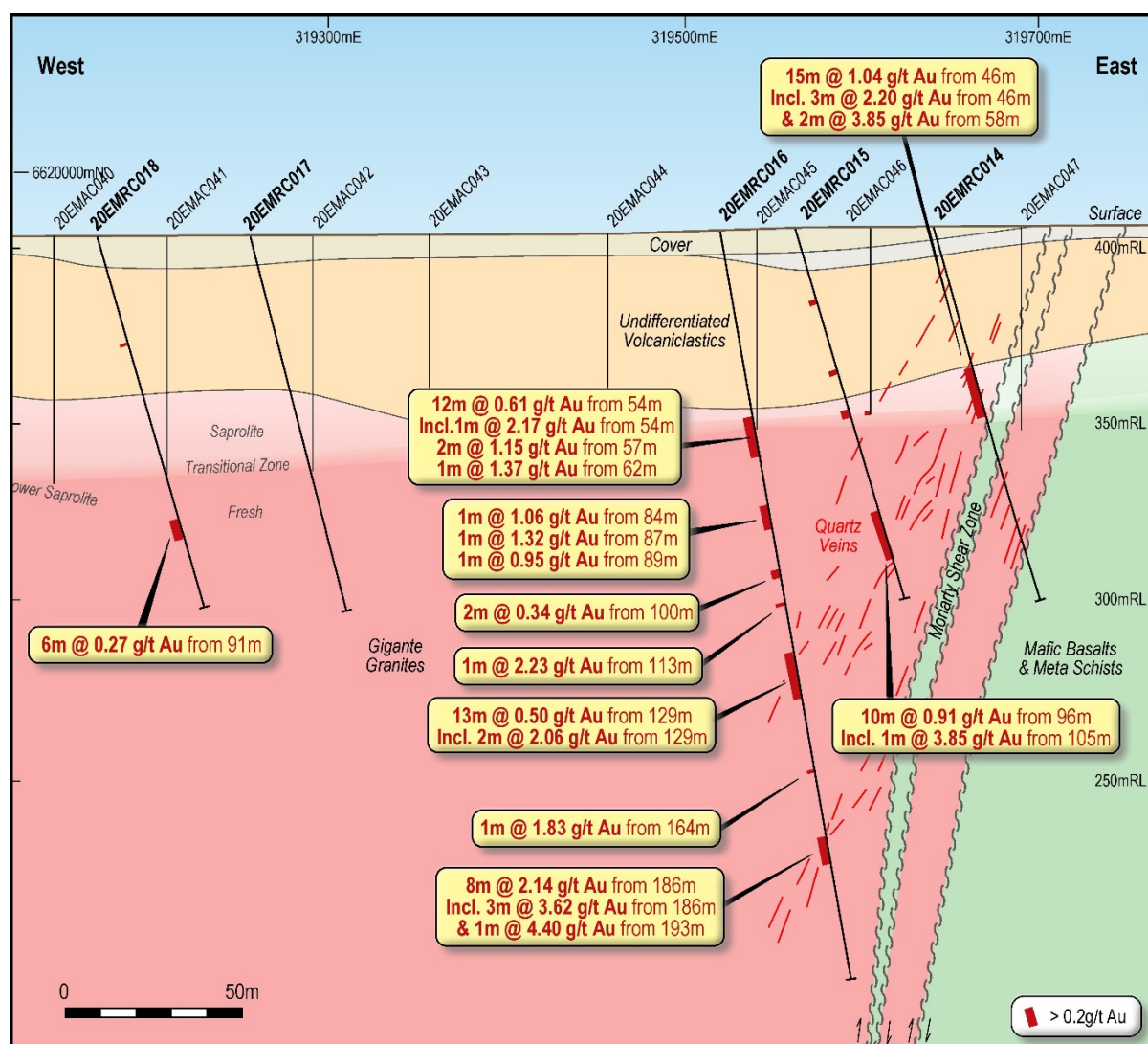
The prospective zone has a strike length of 1,200m, and is presently open to the north and south along strike, and down dip to the west. The mineralisation has been found from depths of 25m with results to 200m depth. Significant down the hole intersections include <sup>(1)</sup>.

- **MERC008**; 1m @ 49.9g/t au from 135m
- **MERO21D**; 1m @ 3.74g/t au from 64m
- **MZR402**; 5m @ 29.18g/t au from 52m
- **MERC024D**; 1m @ 26.7g/t au from 186m
- **20ERMRC002**; 21m @ 1.4 gt/au from 31m, including 8m @ 3.02g/t au from 34m.
- **20EMRC012**; 6m @ 0.8g/t au from 34m, 6m @ 0.58gt/au from 82m, 2m @ 0.74gt/au from 101m, and 24m @ 4.27gt/au from 112m including 1m @ 76.4gt/au from 134m.
- **20EMRC014**; 15m @ 1.04gt/au from 46m

(1) ASX Release 23/12/2020

- **20EMRC015**; 10m @ 0.91gt/au from 96m
- **20EMRC016**; 1m @ 2.17gt/au from 54m, 2m @ 1.15gt/au from 57m, 1m @ 1.37gt/au from 62m, 1m @ 1.06gt/au from 84m, 1m @ 1.32 from 87m, 1m @ 2.23g/t au from 113m, 13m @ 0.5gt/au from 129m, 1m @ 1.83gt/au from 164m, 8m @ 2.14gt/au from 186m.

20EMRC016, which was deepened in November 2020, intersected an additional 22m of mineralisation from 113 to 193m, bringing the aggregate of significant gold intersections in this hole to 40m, refer figure 1. This adds to the previously reported 20EMRC002 (21m), 20EMRC012 (39m), 20EMRC034 (29m) and MERC008 (20m).



**Figure 1; Section through Gigante Grande Prospect at N6714400**

During November 2020, an additional 11 prospecting licences including 29/2553-2558 and P29/2563-2568 were granted<sup>(2)</sup>. The grant of these prospecting licenses unlocks a further 4.6km of strike length along the Moriarty Shear zone and its contact with the Gigante Granite for exploration. Significant strike extensions to the Springfield-Venn Fault Zone have also been obtained along the west side of the EMPG area with the granting of these new tenements. refer figure 2.

In November 2020, the company also completed an updated JORC 2012 Mineral Resource Estimate (MRE) for the Goodenough Project which is located in M29/141<sup>(3)</sup>. This Mining Lease is within the central west part of the companies EMGP area. Goodenough is one of three contiguous mining leases

(2) ASX Release 30/11/2020

(3) ASX Release 03/11/2020

which includes M29/189, Granny Venn and M29/427 Maranoa. These mining instruments have been identified by the company for further investigation, with emphasis on potential for early cash generation. The mineral resource estimate for Goodenough at a COG of 1gt/au is 42.7k oz/au which is represented by:

- Total Indicated: 633.8kt @ 1.84g/t au for 37.5k oz au
- Total Inferred: 81.9kt @ 1.99g/t au for 5.2k oz au

### **Mount Mackenzie Gold and Silver Project Queensland**

The relaxation of covid border restrictions between NSW and Queensland have enabled the company to firm up a program of drilling to enable conversion of remaining inferred resources to the indicated class. The work is expected to commence in late January or early February 2021. 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.

### **Activities Planned for the March 2021 Quarter**

Implement 4<sup>th</sup> round of drilling investigations at Gigante Grande with emphasis on testing mineralised extents to the north and south of existing drilling, and generation of exploration Targets. Complete Granny Venn JORC resource upgrade and investigate opportunities for renewed mining operations. Investigate historic gold in regolith anomalies along the Springsure Fault Zone in the south part of the EMGP area.

Complete resource drilling and metallurgical investigations at Mount Mackenzie.

### **Competent Persons Statement and Consent**

The information in this release that relates 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 in which it appears.

### **About Resources and Energy**

Resources and Energy Group Limited (ASX: REZ) is an independent, ASX-listed mineral resources explorer, with projects located in premier mining jurisdictions in Western Australia and Queensland. In Western Australia, the company's flagship is the East Menzies Gold Field project (EMG), situated 130km north of Kalgoorlie. The EMG represents a +100km<sup>2</sup> package of contiguous mining, exploration, and prospecting licenses, which are located within a significant orogenic lode gold province figures 2 and 3.

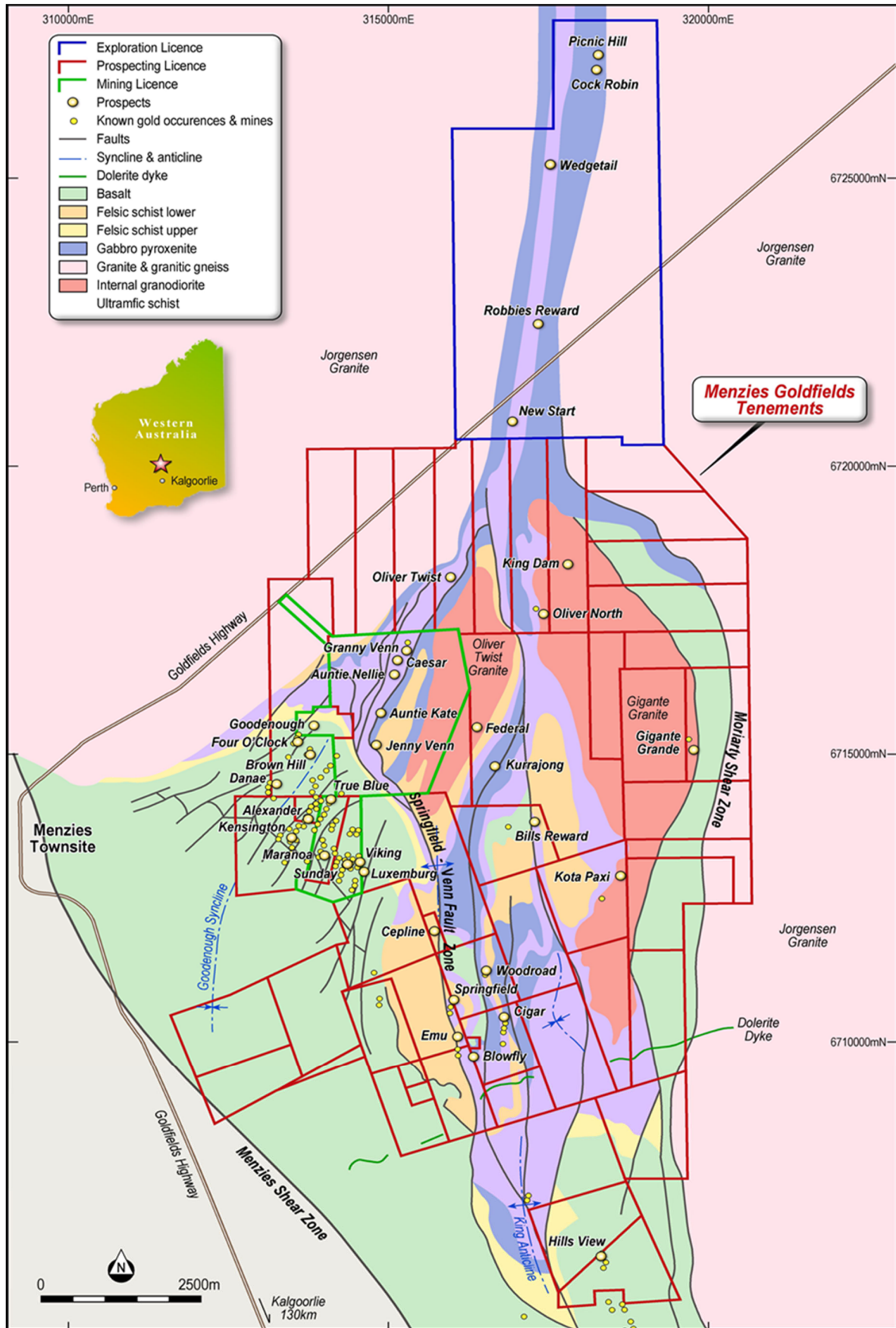
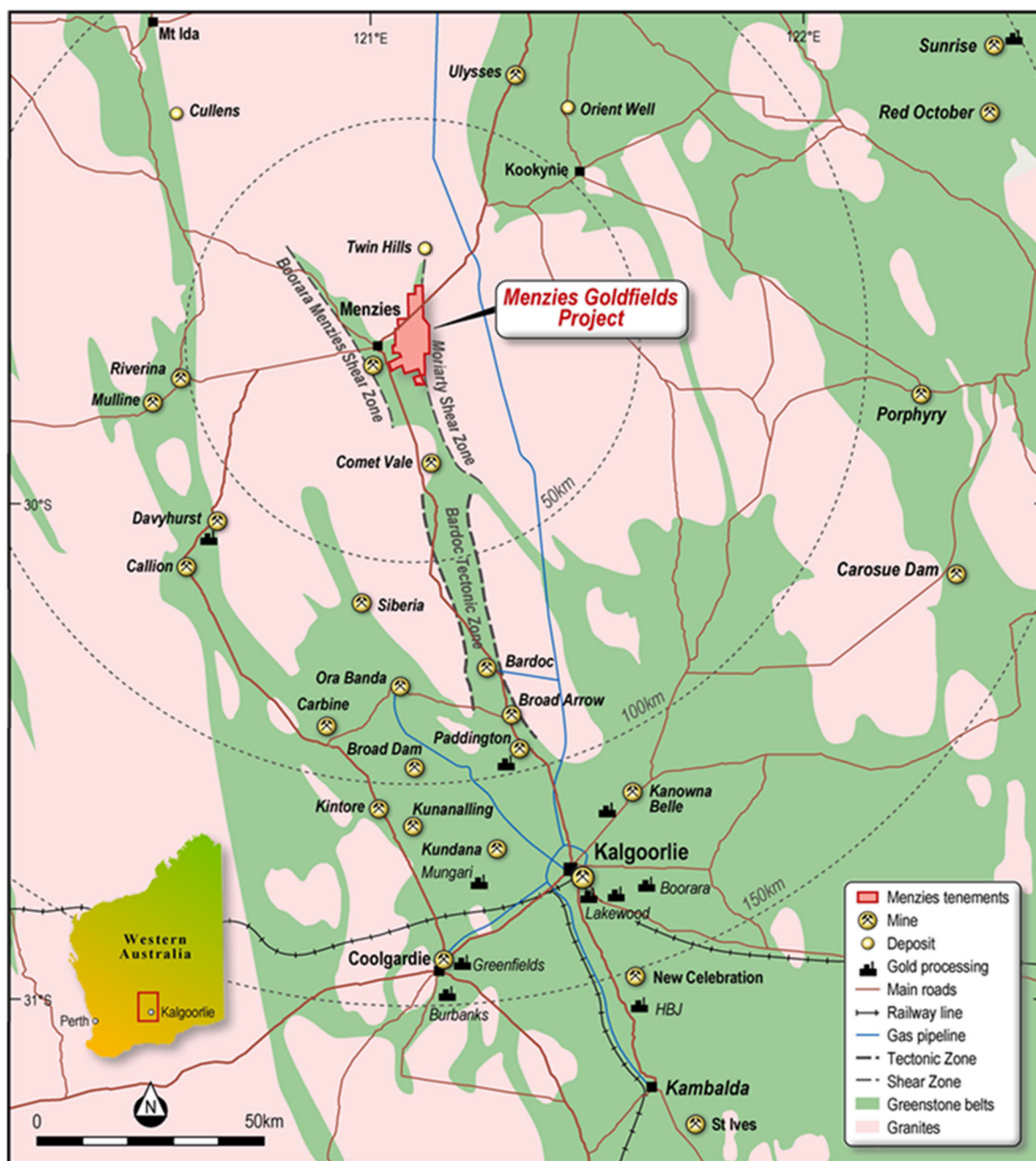


Figure 2: East Menzies Gold Project-Tenement Location Plan



For resource growth, the company's focus is presently exploring the eastern side of the project area. On the western side of the project area scoping and pit optimisation studies to investigate opportunities for renewed mining operations in M29/181, M29/141, and M29/427 have commenced. As part of this program the company recently upgraded the JORC 2012 MRE for M29/141-Goodneough which now stands at 37.5k oz indicated and 5.2k oz inferred for a total Indicated and Inferred Mineral Resource Estimate of 42.7k oz of Gold. Resource work on Granny Venn has also commenced.



**Figure 3; East Menzies Gold Project-Regional Location Plan**

In Queensland, the company has a 12km<sup>2</sup> Mineral Development Licence over the Mount Mackenzie Mineral Resource 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 129,000

oz gold and 862k oz silver. 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.

**Further information:**

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Approved for Release by the REZ Board