



ASX/Media Release

16 February 2021

Commencement of Drilling Operations at Mount Mackenzie Gold and Silver Project

- Drilling contractor mobilising with operations to commence on Saturday, 20 Feb 2021.
- Earthworks for drill pads and access preparation completed.
- 1000m of drilling planned to include significant intervals of coring for metallurgical test work.
- Metallurgical consultants JT Met Services have been engaged to develop and supervise the test program

Resources & Energy Group Limited (ASX: REZ or the Company) are pleased to advise that access preparation to enable commencement of drilling operations at Mount Mackenzie has been completed. This follows the recent re-opening of borders between NSW and Queensland and deployment of a field crew to manage and supervise the work. Drilling services provider Proactive Drilling Pty Ltd have been selected to implement the drilling program, with the company expecting to mobilize within the next few days.

Background

Resources and Energy Group Ltd is currently developing the Mount Mackenzie Gold and Silver Project located 150km North West of Rockhampton, Qld. A scoping study conducted in July 2020 returned an indicated and inferred (JORC 2012) resource of 3.42Mt at 1.18g/t Au and 9g/t Ag totalling 129,000oz Au and 862,000 oz Ag. This work also generated a production target of 2.2mt with a head grade of 1.32gt/Au and 8.5gt/Ag for an estimated 67koz of gold and 392k oz of silver⁽¹⁾.

Previous test work and interpretation highlighted a high amenability of the weathered mineralisation at Mount Mackenzie to standard Gravity/CIL, and further core was required to complete work on the transitional and the Fresh zones. The July study also noted that subject to validation by additional metallurgical investigations, there may be the opportunity to transition the plant from leach-only to a crushing, grinding and bulk sulphide flotation process.

The adoption of a flotation process to produce a polymetallic concentrate could unlock additional primary ore at Mount Mackenzie, which is currently not included in the optimised pit shell. The inclusion of this ore has potential to increase returns and extend the forecast life of mine which is presently 5 years. To understand the amenability of the primary ore for preparation of a flotation concentrate, bore core samples representing the primary sulphide ore zone will be recovered and submitted for metallurgical test work.

Drilling Program

A total of 6 holes for 1000m of drilling investigations, including 600m of coring are planned for the February 2021 program. The work will focus on the South West slopes of the Mount Mackenzie Resource area. The holes have been designed to infill and further drill test gold mineralisation within the prospect, and more specifically:

- Recover cored intervals through the entire ore body for comprehensive metallurgical testing
- Investigate Primary Mineralisation below the current drilled extents

- **Infill current drilled intervals and upgrade the South West Slopes resource to the Indicated Class**

A plan showing the locations of the proposed drilling investigations is presented in figure 1.

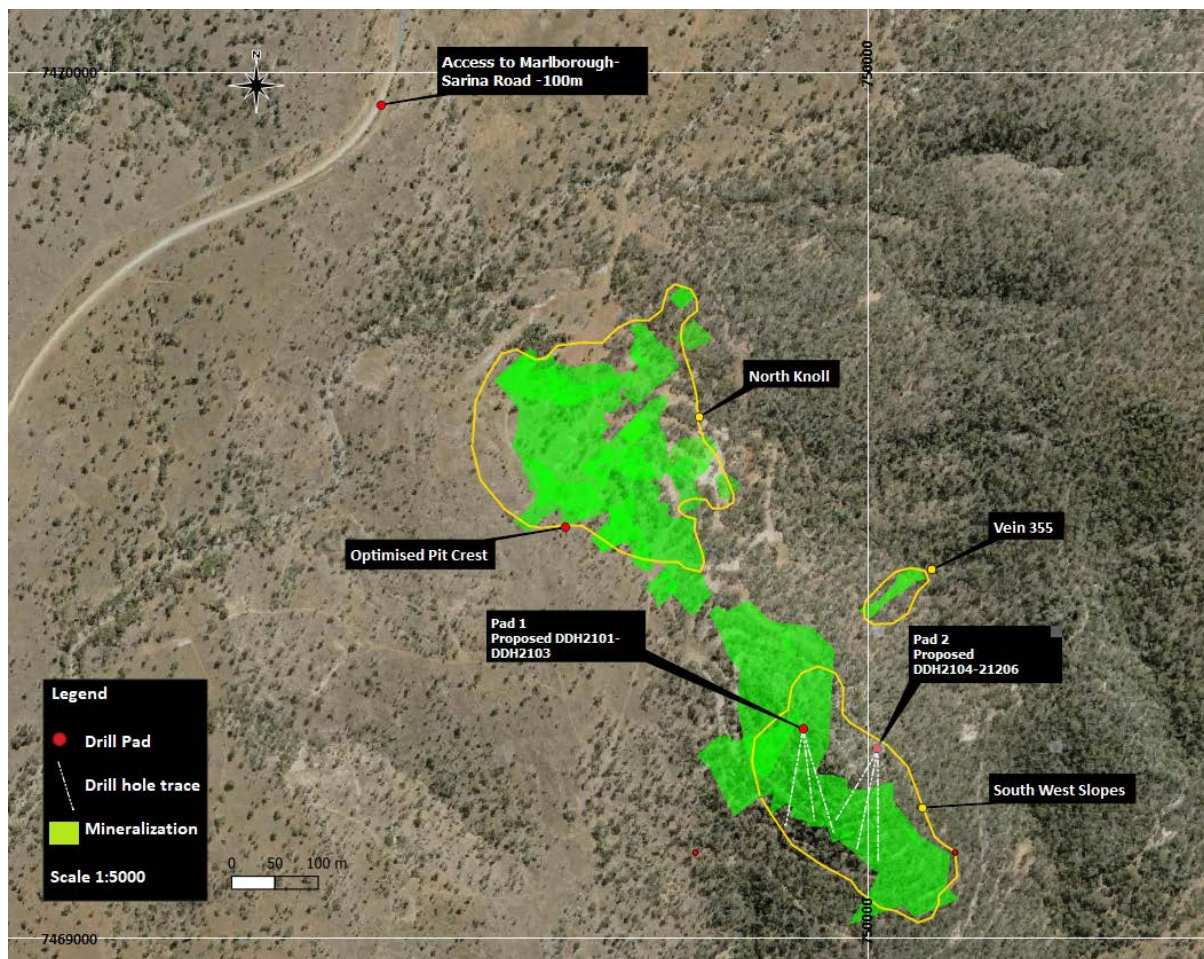


Figure 1 South West Slopes Drillhole Location Plan

Test Program

The metallurgical test-work program will be developed, and supervised by JT Metallurgical Services Pty Ltd, with a third-party peer and oversight review. JT's will evaluate the likely process flowsheets for the Weathered, Transitional and Fresh zones on a combination of Master and Variability Composites. The effectiveness of gravity preconcentration, cyanide leaching, and flotation will also be investigated. The work is expected to take 12 weeks to complete, with initial results becoming available in **April 2021**.

Forward Program

Following completion of the test program it is expected that the metallurgical study will provide definitive economic and plant design information for downstream engineering and financial modelling. This would include development of a final process flowsheet and design criteria for the Project to a level suitable for Feasibility study (FS). The FS for the Mount Mackenzie Gold and Silver Project is already well advanced with a significant amount of mine planning, and scheduling being carried out in 2020. The completion of the February drilling program will also enable conversion of remaining inferred resources, which are located wholly within the South West Slopes, to the indicated class, with opportunity to generate reserves subject to a positive FS outcome.

The metallurgical study and resource upgrades are key to finalising the Project Feasibility Study, which the Company expects to do so by **June 2021**. The FS will be the basis for advancing the project along an approval path with the regulatory authorities. This process will initially commence in late **July 2021** and will involve pre-lodgement meetings with Queensland Department of Natural Resources and Mines and Environment Heritage Protection to determine requirements for Mining Lease Application and Environmental Authorities for commencing mine operations.

The company has already received advice that the most likely approval route will be through an Environmental Authority (EA) application which will be submitted to and assessed by the Queensland Department of Environment and Heritage (EHP) as a site-specific resource activity under the QLD EP Act. The assessment of the EA application and concurrence agencies is expected to take six months with a decision document and recommendation prepared in **early 2022**.

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, figure 1.

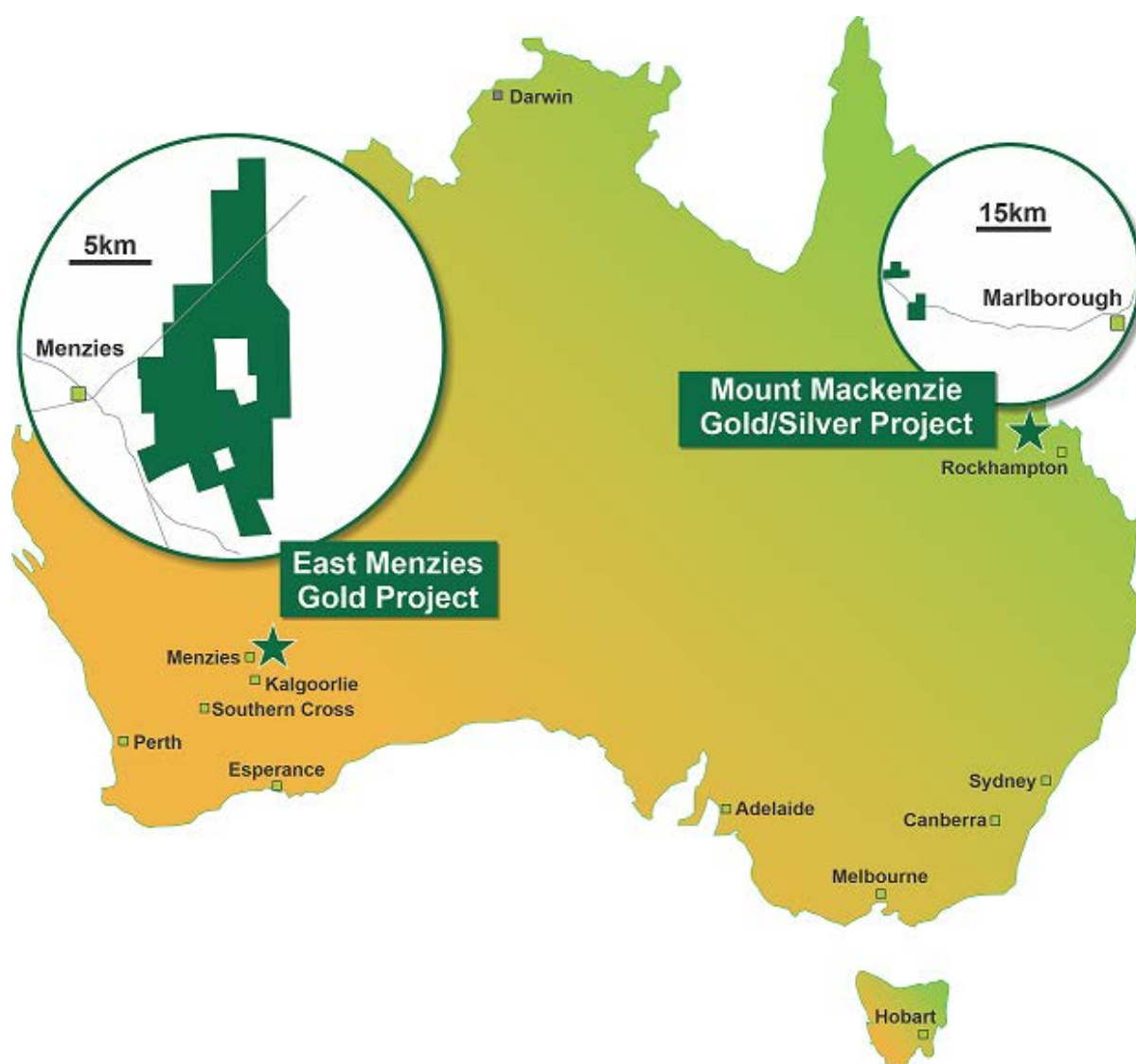


Figure 1 Resources and Energy Group Project Locations

In Western Australia, the company's flagship is the East Menzies Gold Field project (EMG), situated 130km north of Kalgoorlie. The EMG represents a +100km² package of contiguous mining, exploration, and prospecting licenses, which are located within a significant orogenic lode gold province.

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.

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 figure 2. 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.

Further information:

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Approved for Release by the REZ Board

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.