



Mount Mackenzie
GOLD & SILVER
PROJECT
Queensland

28 April 2020

Project Update



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Cautionary Statement

This Project Update includes the results of a Scoping Study which was completed in December 2019 ⁽¹⁾. The December 2019 Scoping study was prepared to provide guidance on the preferred scale of operations, processing options and potential economic performance of the Mount Mackenzie Gold and Silver Project. The Scoping study is a preliminary technical and economic study of the potential viability of the Mount Mackenzie Gold Project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Additional exploration and evaluation work are required before the company will be in a position to estimate ore reserves or to provide assurance for an economic development case.

The Scoping Study is based on the material assumptions which are outlined within the December release. These include assumptions about the availability of funding. While REZ considers all of the material assumptions are based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved. To achieve the range of outcomes indicated in the Scoping Study, funding in the order of approximately \$13million will be required. Investors should note that there is no certainty that the Company will be able to raise that amount of funding when needed. It is also possible or likely that such funding may only be available on terms that may be dilutive to or otherwise affect the value of the Companies existing shares. It is also possible that the Company could pursue other 'value realisation' strategies such as a sale, partial sale or joint venture of the project. If it does, this could materially reduce the Companies proportionate ownership of the project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of this Information or the project Scoping Study released to the ASX.

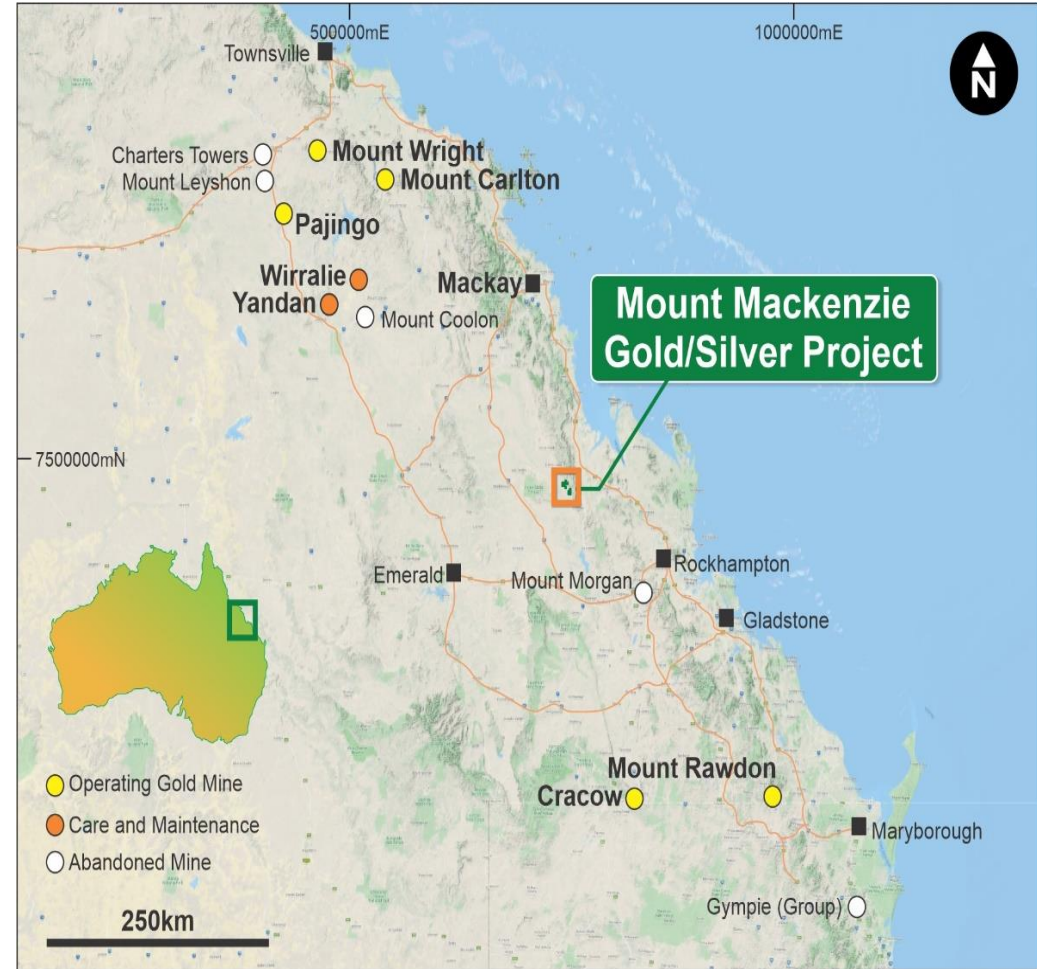
The pit optimisation and economic evaluation used in the scoping study is based on a Mineral Resource estimate which comprises a combination of Indicated (55%) and Inferred Resources (45%). There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised

(1) Mount Mackenzie Scoping Study ASX Media Release 5-12-2019

Mount Mackenzie Project at a Glance

Key statistics

Ownership	100% Mount Mackenzie Mines Limited (REZ)
Location	Queensland - Australia
Tenement Status	Granted Mineral Development License
Commodity	Gold-Silver
Deposit type	High Sulphidation Epithermal
Status	Pre-Development/Scoping
Global Resource	100koz Au + 624koz Ag ⁽²⁾
Resource Status	JORC 2012
Resource Class	1.12Mt Indicated, 1.22Mt Inferred
Mine type	Open Cut
Plant Type	Conventional CIL
Proposed Milling capacity	300kta-500kta
Proposed Production ⁽¹⁾	43.5koz Au: 270koz Ag
Estimated C1 Cash Costs ⁽¹⁾	\$1,400/oz
LOM Strip Ratio ⁽¹⁾	1.92
Mine life ⁽¹⁾	43 months
Estimated CAPEX ⁽¹⁾	\$13million
Estimated Free Cash ⁽¹⁾	\$54.6million @ \$2600/oz Au



(1) ASX Release 5th December 2019

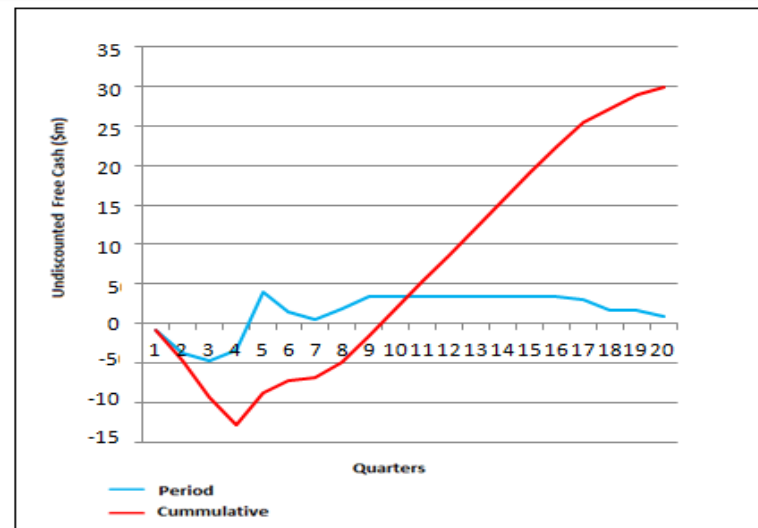
(2) ASX Release 7th September 2015

Scoping Study-Overview

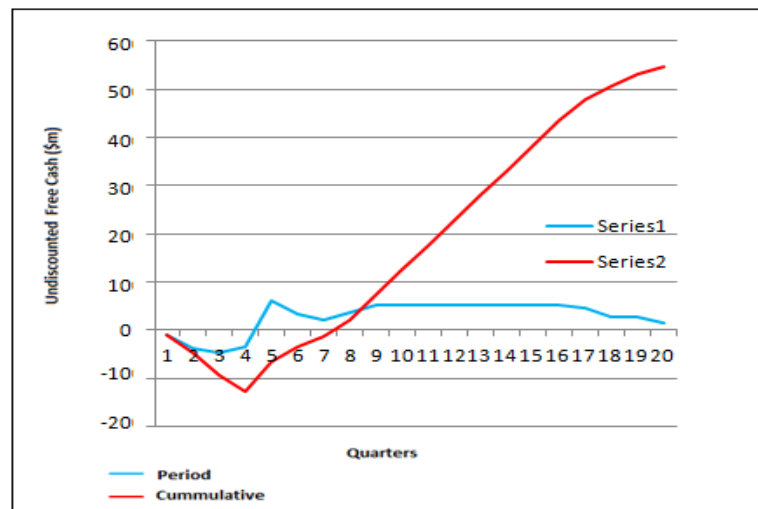
An analysis of the Mount Mackenzie Gold and Silver project at a gold price of \$2000/oz was presented in a Scoping Study which was released by the Company in December 2019⁽¹⁾. Pit optimisation and financial evaluation undertaken by REZ for a 300,000tpa leach only case indicated favourable project economics, with a resource of 1.05mt at 1.86g/t Au equivalent containing approximately 63,000oz Au (mined) and 45.5koz Au equivalent (milled). The C1 cash cost for this production was estimated at \$1,400/oz, and \$58/t respectively. The financial performance of the base case is solid, and delivers operating revenue of \$91m, operating costs including capital of \$61m, and an estimated free cash flow of approximately \$30.5m.

The December 2019 study identified opportunities for improving the financial outcome of the project by increasing the throughput capacity of the plant, and re-optimising the mineral resource shells using a higher gold price. The sensitivity analysis carried out as part of the scoping study indicated that at a gold price of \$2600/oz the project generated operating revenues of \$116.9m and \$54.6m in free cash.

The pit shell volumes used in the December scoping study are constrained by a \$2000/ oz gold price. 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 is re-evaluating the projects mineral resource estimate. Pit optimisation using a gold price of \$2600/oz and a mining-processing rate of 500kta will also be carried out as part of this process. It is expected that this work will result in substantial increases to the mineral resource and a significant increase to the project cashflow.

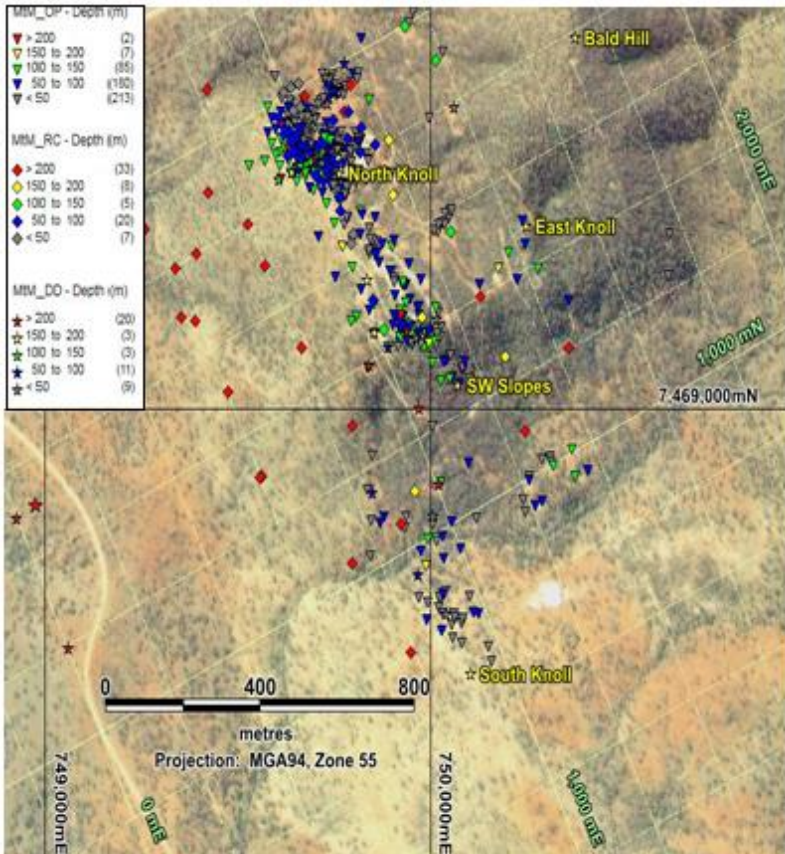


Cash Accrual by Quarters at \$2000 Au/oz



Cash Accrual by Quarters at \$2600 Au/oz

Project Strategy



From (m)	To (m)	Number of Holes	% of Drilling	Average depth (m)
0	100	460	73.8	48
100	150	96	15.4	118
150	200	20	3.2	178
200	300	19	3	250
300	400	13	2.1	351
400	500	8	1.3	470
500	800	7	1.1	770

The Project is focussed on open pit mining and processing of three High Sulphidation Epithermal gold and silver resources, (The North Knoll, South West Slopes and Vein 355). The project strategy is to commence operations based on leach treating oxide, transitional and primary ore recovered from shallow open cut development.

Subject to validation by further metallurgical investigations, there is opportunity to then transition the plant from leach only to a crushing, grinding and bulk sulphide flotation process. The preparation of a flotation concentrate is a similar approach that has been applied at Evolution's Mount Carlton project.

The Mount Carlton project is also a High Sulphidation Epithermal Gold and Silver resource producing Gold and Silver concentrates. These are containerised and then shipped to China for smelting and recovery of the contained metal.

The adoption of a crushing, grinding and bulk sulphide flotation process to produce a polymetallic concentrate has potential to unlock 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.

This strategy offers potential for greater return on capital, a longer mine life and scope to investigate new ore sources within the main resource area, and satellite prospects, while still delivering cash-flow from operations.

History

EPM10006 was initially granted to Marlborough Gold Mines NL on 29 March 1994. It followed on from earlier exploration tenements that had been held by Marlborough since the 1970s. Several companies had participated with Marlborough to form joint ventures over the area of EPM10006, including Australian Consolidated Exploration (1975-76), Utah Development (1981-82), Peabody (1984-85), Freeport McMoran (1987-89), Dragon Mining (1995), Coolgardie Gold (1997-2014), Jeteld (2002-06) and Newcrest Mining (2007-08).

The main prospects have been explored by gridding, geological mapping, geochemical stream sediment, soil and rock chip sampling and covered to a large part by IP, ground magnetometer and gravity surveys. Hymap imagery data, helicopter-borne magnetics and radiometrics surveys have been also acquired over the tenements. Drilling programs on the two main prospects are summarised below.

PROSPECT	DRILLING TYPE	HOLES	TOTAL LENGTH (m)	PRE-COLLAR (m)
Mount Mackenzie	Diamond Core	25	2,464	
	Percussion with NQ Diamond Tails	23	16,278	4,777
	Percussion	440	27,282	
	Reverse Circulation	158	21,153	
Clive Creek	Diamond Core	19	984	
Totals		665	68,161	4,777



In late 2015, Resources and Energy Group acquired a 100% interest in the project. Since that time the company has completed two programs of RC drilling including several cored holes for metallurgical testwork. This work has resulted in the preparation of a JORC (2012) Mineral Resource Estimate, which is now the subject of Scoping and Feasibility studies. This work also enabled conversion of part of EPM 10006 to a Mineral Development License (MDL2008) which was granted in November 2019. MDL 2008 encompasses all of the prospects, with exception of Clive Creek, which is within the retained portion of EPM10006.

Environment and Tenure

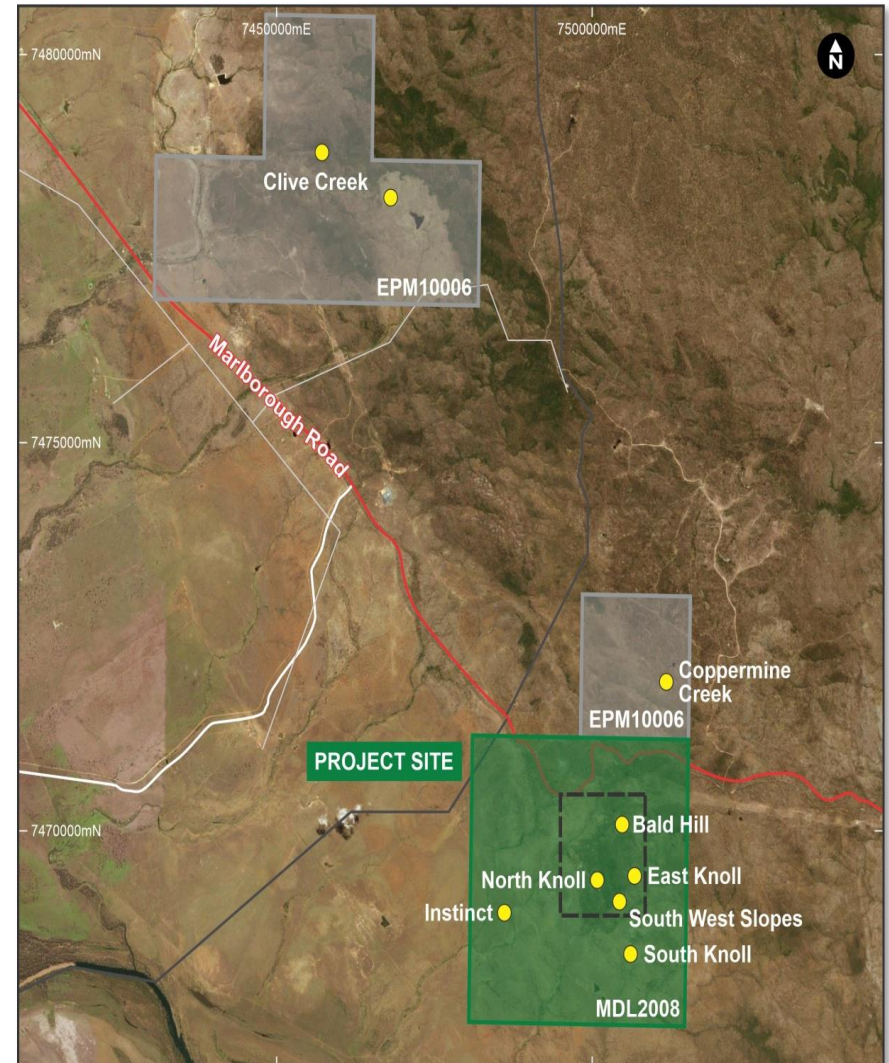
The Project is secured under Mineral Development License MDL2008, and EPM10006. The MDL was granted to Mount Mackenzie Gold Mines on 1st November 2019 for an initial term of 5 years. EPM10006 was renewed on 29 March 2019 for a 5 year term. Mount Mackenzie Gold Mines Pty Ltd is a wholly owned subsidiary of REZ.

The MDL has a surface area of 12.56km² which encompasses the total project site, including satellite prospects. EPM 10006 has a surface area of 15km², which embraces the Clive Creek prospects (Quinine Gully and Sphinx).

Mineral Development Licenses are a higher level of mining title and are issued in Queensland for advanced projects. Subject to the grant of an appropriate Environmental Authority, further exploration, trial mining and bulk sampling activities are permitted in a MDL.

A preliminary environmental and planning constraints assessment of the project site has been completed within MDL2008. The assessment did not identify any Strategic Environmental Areas or Environmentally Sensitive Areas (ESA's) or protected flora survey triggers occurring on or within proximity to project site. The study concluded that the need for an Environmental Impact assessment under the Environmental Protection Act 1994 (QLD) (EP act) or referral under the EPBC act was not considered likely.

A significant portion of the project site including road access is owned by the company. This includes land required for initial mine operations, waste emplacement, tailings storage and site infrastructure.



Infrastructure

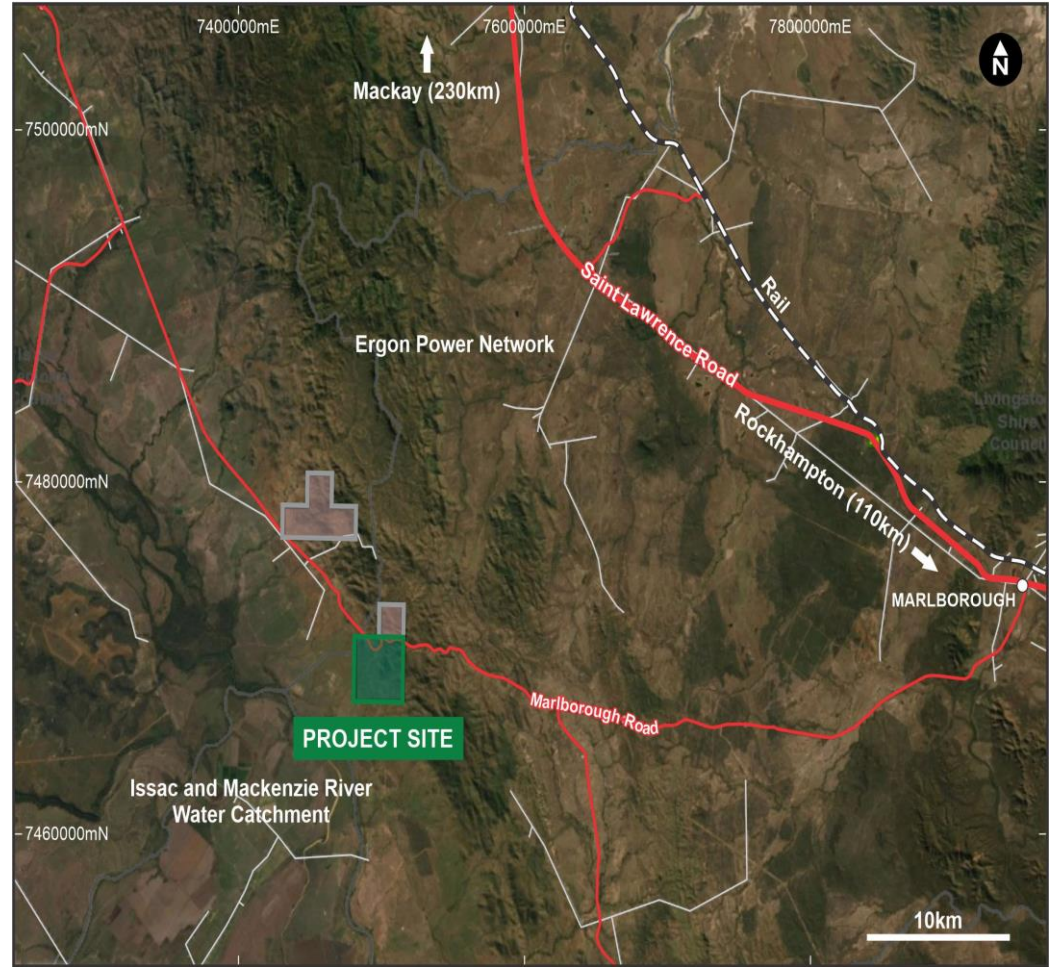
The Project is located on the eastern margin of the Bowen Basin 150km north west of Rockhampton. Access to the project site is 110 km north to Marlborough via the Bruce Highway (National Highway 1) then 50km west of Marlborough via the Marlborough - Sarina Road.

The village of Marlborough offers basic facilities including accommodation, fuel, and emergency services. Major services and facilities are available at Rockhampton. Rockhampton is a regional hub which supports most mining activity in Central Queensland, with connectivity to Port and Rail via Gladstone.

The project site is immediately adjacent to the Marlborough-Sarina Road which is a sealed all weather road.

Ergon Energy's regional HT power grid and substation is approximately 3 kilometers north of the project site. LT lines traverse the project boundaries. The project site is covered by the Telstra wireless network service.

Water sources are permeable strata in the Bowen Basin (within 0.5km of Project site). This comprises a combination of shallow groundwater associated with Quaternary Cover and surface water . Deeper water resources associated with the Permian Back Creek Formation, and fractured rock aquifers associated with the faulted margin of the Permian-Connors Arch represent alternative water resources. Typical yields in this environment range from 0.5 to 2/lps.

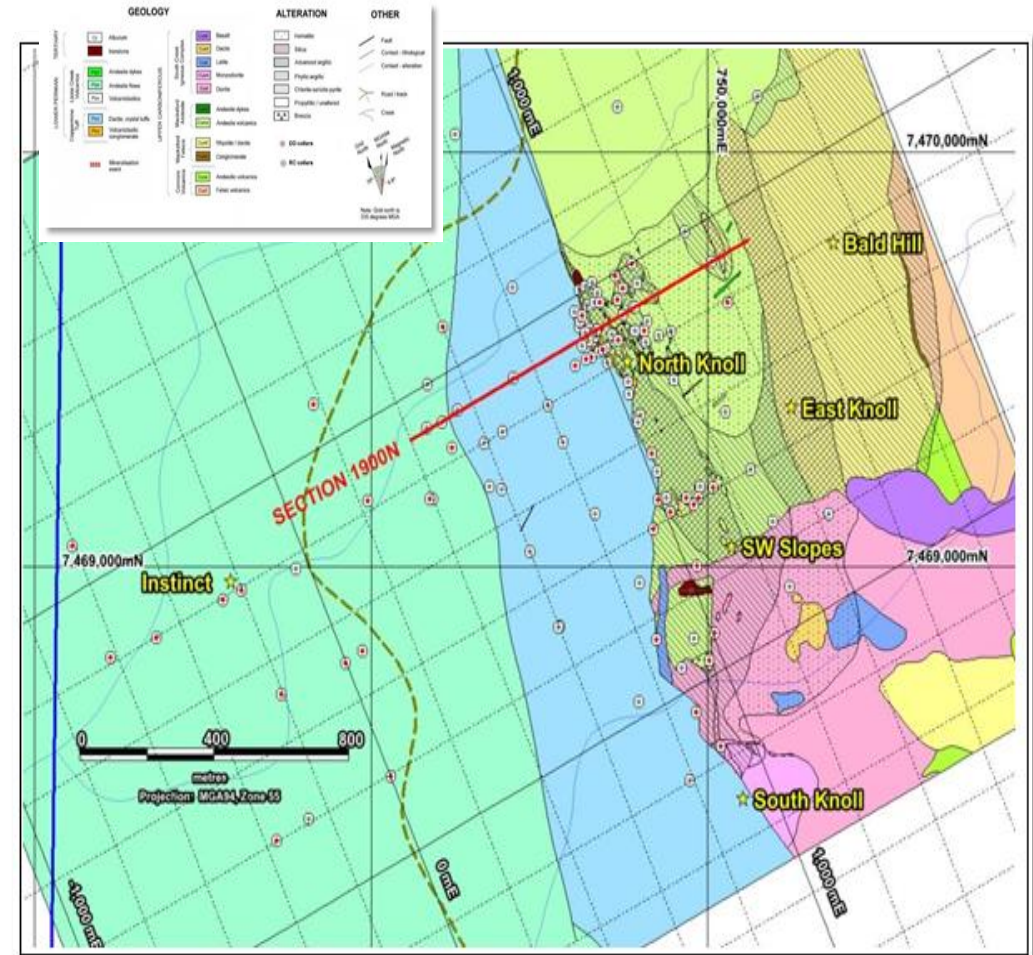


Geology

The Project is located within a Palaeozoic convergent plate margin complex, where the Connors Magmatic Arc (CMA) forms a major structural feature along the eastern margin of the Permian Bowen Basin. Intrusive related porphyry style and high level epithermal style mineralisation of Late Carboniferous age is recognized within the project area. This age places the project in the middle of the most productive period of Gold mineralisation in Eastern Queensland, which includes, Red Dome 1.5moz, Kidston 3.5moz, Mt Wright 1.1moz, Mt Leyshon 3.1moz, Mt Carlton 1.35moz and Cracow 2.7moz.

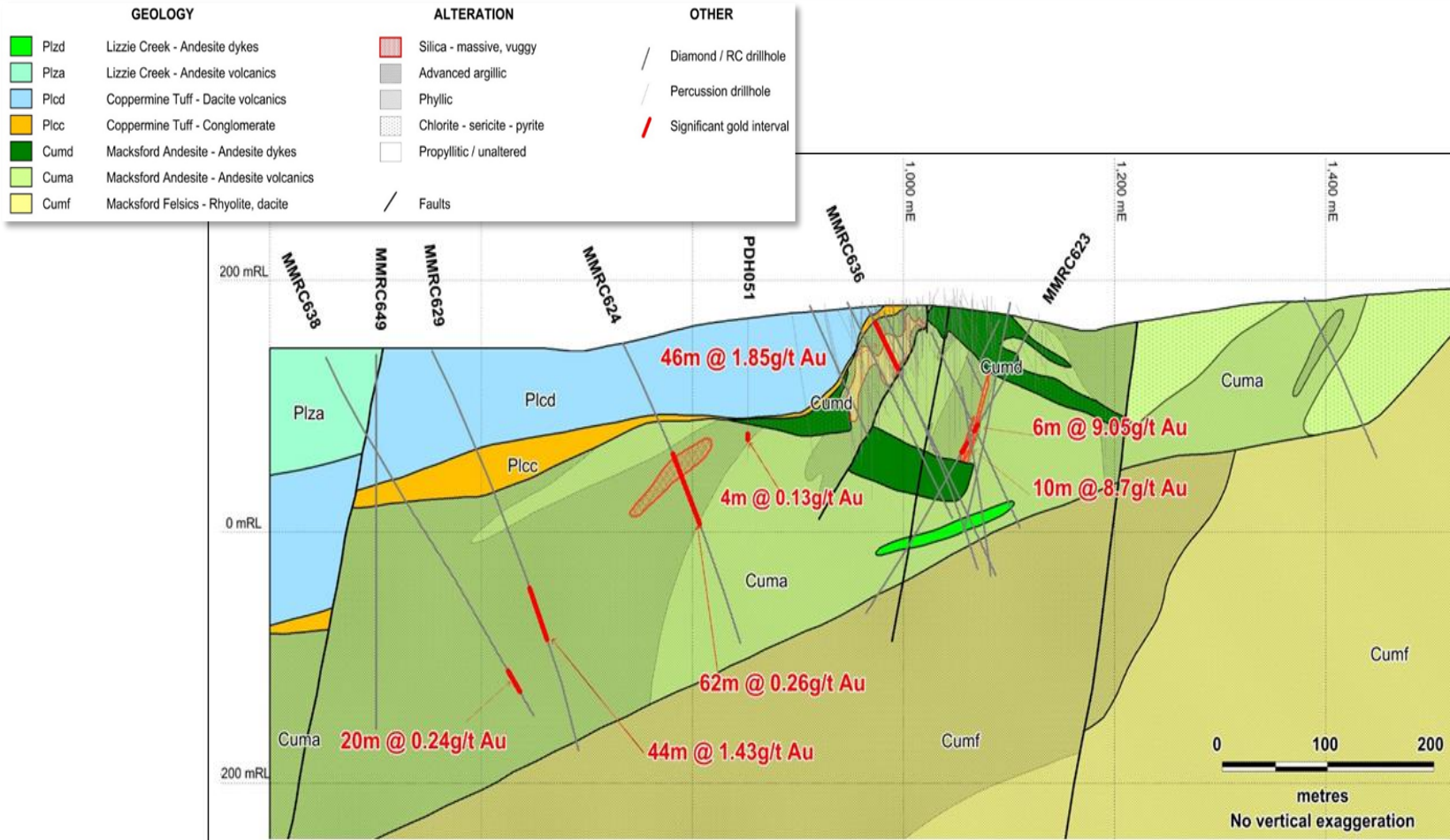
At Mount Mackenzie, the prospect displays the typical zonal relationships of a high Sulphidation epithermal deposit, with the alteration decreasing in intensity outwards from the mineralised zone of vuggy silica, to zones of quartz-alunite (very low pH), pyrophyllite (low pH), illite (moderately low pH) and smectite (~ neutral pH) alteration. Typically, Au ore grades are associated with the vuggy mineralised silica and quartz-alunite zones. The mapped alteration from outcrop, and concealed under Permian cover exceeds 6km² which places the project as the largest epithermal system recognized in Eastern Australia.

Mineralisation is present as gold (free gold and rare electrum) and as sulphides (pyrite, chalcopyrite, tennantite, enargite, bornite, sphalerite and galena).



MDL 2008 Mapped Geology, Alteration, and Prospects

Geology



Section 1900N -Geology, North Knoll, and Mineralised Intervals

Mineral Resource

The current Mineral Resource Estimate is located in three zones of gold mineralisation; the North Knoll, the Southwest Slopes and a small high grade outlier known as Vein 355. These resource areas are located within a broader package of mineralisation, which is 750m long and between 50 and 250m wide

The Indicated resources are located wholly within the North Knoll area. The inferred resources are contained within the South West Slopes and Vein 355

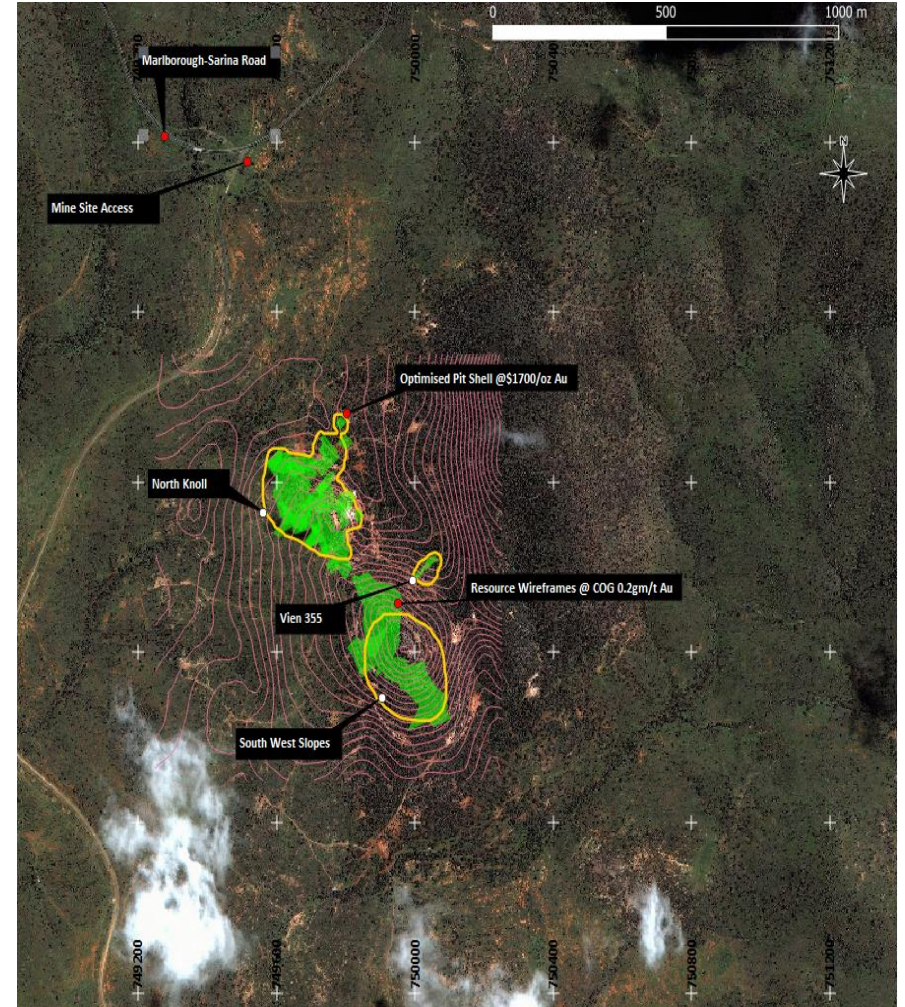
The resource estimate for the North Knoll and South West Slopes was prepared in 2015 and was constrained by pit optimization, using a \$A1700oz gold price. An updated MRE will shortly be prepared based on the current gold price regime.

Approximately 50% of the indicated and inferred resources are represented by near surface oxide mineralisation. The oxide resources are available from depths ranging from surface to about 40m.

Mount Mackenzie September 2015 JORC Resource⁽²⁾

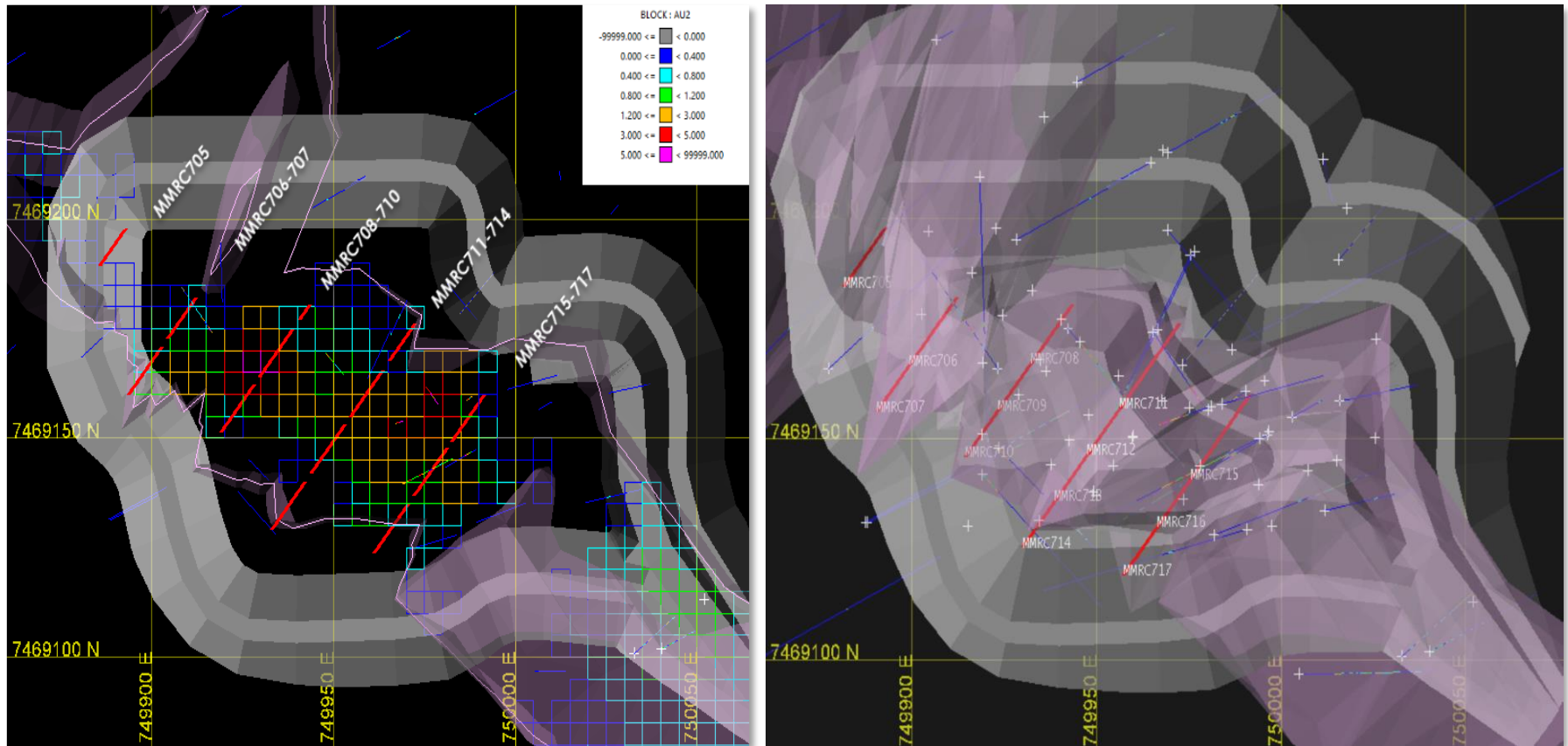
Material	Cut-off (gt/Au)	Indicated					Inferred					Tonnes (kt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
		Tonnes (kt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)	Tonnes (kt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)					
Oxide	0.43	450	1.18	9	17	130	520	1.18	4	20	67	970	1.18	7	37	197
Primary	0.58	700	1.42	14	32	315	700	1.4	5	31	112	1400	1.39	9	63	427
Total		1150			49	445	1220			51	179	2370			100	624

(2) ASX Release 7th September 2015



Potential Mineral Resource Increase and Upgrade

There is potential to expand and upgrade current Mineral Resource size and category with a small confirmatory drilling program in the South West Slopes. This would require approximately 660m of RC drilling and 250m of Core Drilling, distributed over 14 holes. The results of this program would enable conversion of currently inferred resources to the Indicated class.



Mining

The pit designs used in the project scoping study were based on a series of pit optimisation runs using proprietary software (Whittle and Deswik). At a gold price of \$2000/oz the optimised design shells collectively required the removal of 1.2mbcm of waste for the recovery of 1.05mt of ore with a diluted head grade of 1.79gt/t au.

The broad geometry of the ore bodies and favorable topography result in a low Life of Mine strip ratio of about 1.2:1 (Bcm:t), with an overall total materials movement of between 1000-600bcm/day. This is best achieved by dayshift only mining with a digger of between 65t and 90t in a mass excavation configuration. A fleet of four 40t class articulated dump trucks would be a well suited match for the excavator, with an ancillary grader, dozer (D8 or equivalent) and water cart (15kl) to complement the fleet.

Mining would be conducted with a single crew of workers on a 12 hour 4:3 roster (e.g. Monday to Thursday) or an 8 hour 5:2 roster (e.g. Monday to Friday).

To achieve the required plant feed for the base case, a target schedule has been prepared which generates 75kt of ore per quarter from the optimised mineral resource estimate of 1.05mt. This provides a LOM of about 43 months.

Material flows have also been smoothed out to deliver a consistent mix of oxide and fresh ore over the Life of mine Schedule. In practice this production mix would better managed by detailed scheduling and maintaining plant feed from ROM stockpiles.

Grades and tonnes are within the volumes and tolerances for the optimised pit shells however the total material movement between the designed and optimised shells differs slightly. This is due to the strategic positioning of ramps and associated increases and decreases in slope angles and corresponding changes in waste stripping requirements.

The company is currently investigating the impact a higher gold price of \$2600/oz has on the mineral resource and optimised pit volumes. As part of this process, a target schedule which generates 125kt of ore per quarter is being prepared.

Waste and Ore Volumes-Constrained within \$2000/oz Au Pit

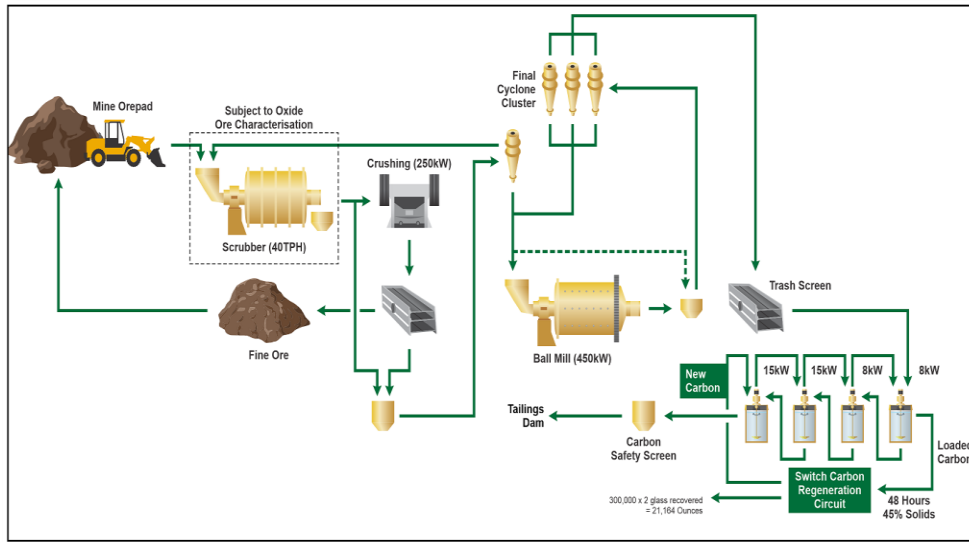
Area	North Knoll (Indicated)			South West Slopes (inferred)			Vein 355 (Inferred)		
	Waste (BCM)	Ore (t)	Au Equiv (g/t)	Waste (BCM)	Ore (t)	Au Equiv (g/t)	Waste (BCM)	Ore (t)	Au Equiv (g/t)
Oxide	385,866	276,740	1.47	411,529	204,661	1.81	14,673	8,676	4.11
Transitional	37,190	46,124	2.07	28,249	39,473	1.73	3,528	3,579	2.58
Fresh	183,168	252,105	2.08	174,510	208,700	1.92	3,560	6,608	3.2
Total:	606,224	574,968	1.79	614,288	452,834	1.86	21,761	18,863	3.5

Processing

Stage 1 Leach Only Process Flow

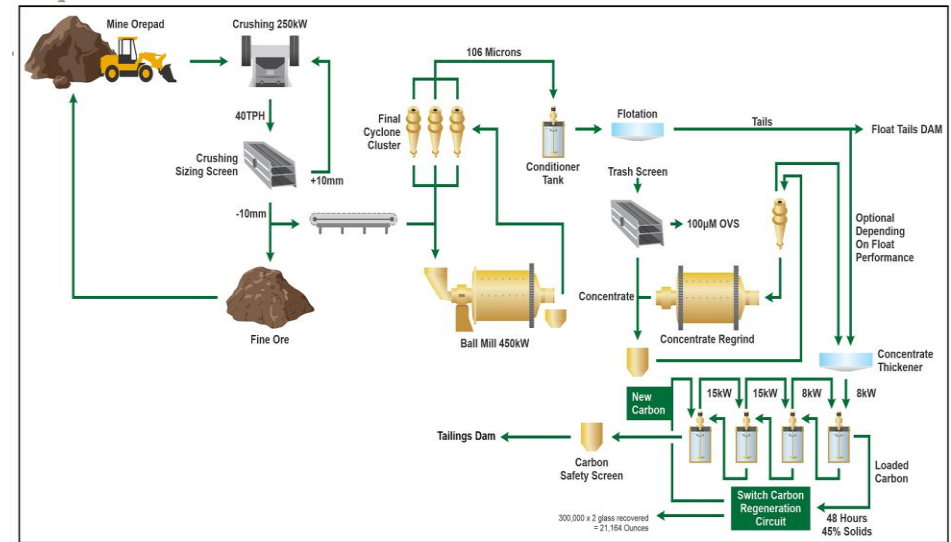
The processing plant is proposed to be a modular crushing, grinding and CIL circuit with total gold recovery of 90-95% in oxide ore reducing to 80% in transitional ore and to 58% in primary ore where further processing of the sulphide ores may be justified to increase metal recoveries.

Oxide (including transitional and some primary ore): scrubber and 2 stage crushing circuit to achieve a primary mill feed size of 12mm and product size of 106 microns. Gold recovery is achieved using a standard CIL circuit.



Stage 2 Re grind and flotation Process Flow

Primary (fresh ore): treated using a flotation, flotation concentrate regrind, and CIL of the ground flotation concentrate, subject to further metallurgical test work. As an alternative reconfigure the plant to prepare a bulk sulphide concentrate for offsite processing of Gold and other contained metal. The production of a polymetallic concentrate has potential to unlock additional feed sources, which are currently outside the optimised pit shells.

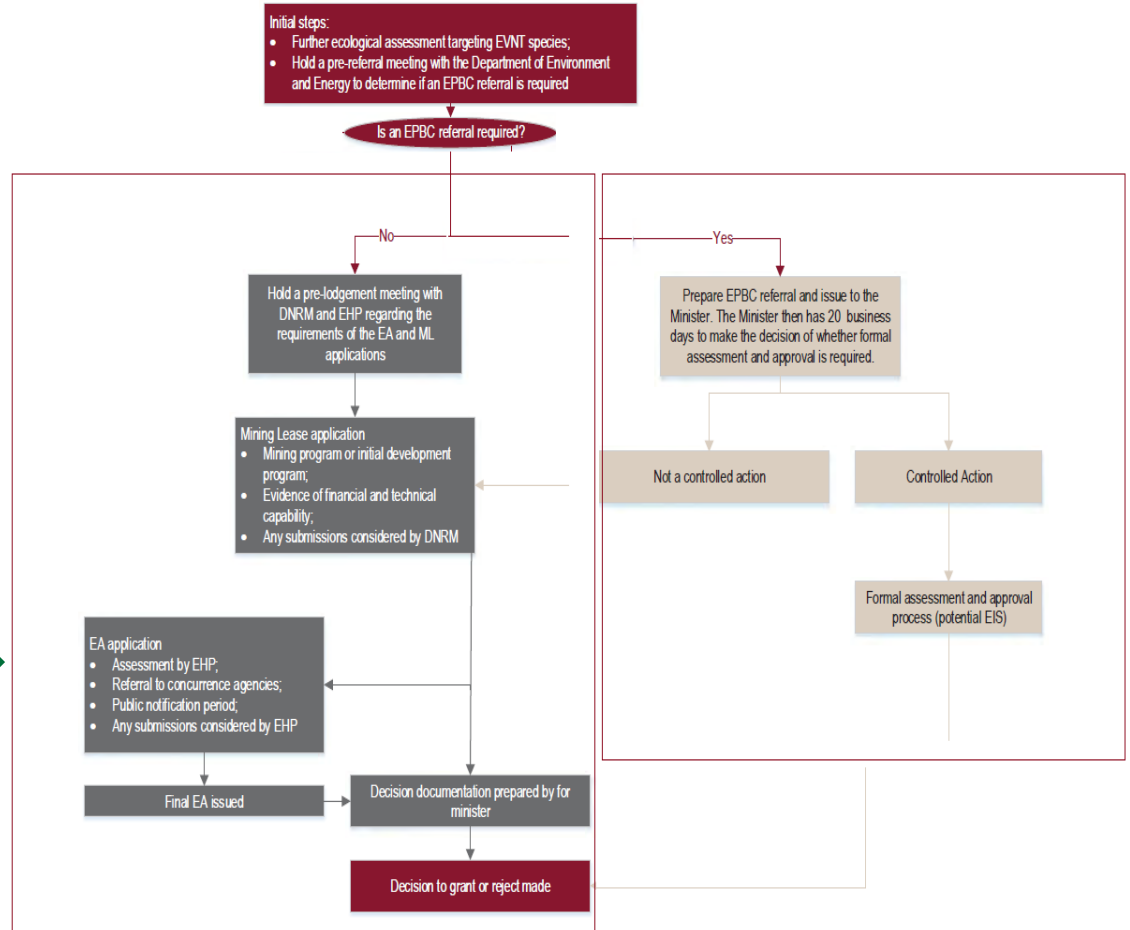


Project Approval Process

A preliminary environmental and planning constraints assessment of the project site has been completed by COG consulting Pty Ltd. The assessment did not identify any Strategic Environmental Areas or Environmentally Sensitive Areas (ESA's) or protected flora survey triggers occurring on or within proximity to project site.

The study concluded that the need for an Environmental Impact assessment under the Environmental Protection Act 1994 (QLD) (EP act) and referral under the Federal EPBC act was not considered likely.

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.



Other Prospects-Instinct MDL2008

The **Instinct prospect** lies 1 km west of Mount Mackenzie, and was discovered as part of a step out program of drilling to test the potential for porphyry hosted mineralisation at depth. The best results (MMDDD657) returned 8.5m at 5.23 g/t Gold, 22.19g/t Silver, 1.01% Lead and 0.31% Zinc between 645.6m and 654.1m. The host of the mineralisation is the late Carboniferous Macksford Andesite which is covered by 400m to 600m of younger, Early Permian, volcanic cover rocks. Mineralisation is evident as:

- sulphide matrix polymictic breccias of hydrothermal and intrusive origin;
- well developed multidirectional quartz- sulphide stockworks;
- vuggy silica alteration, and;
- haematized and probable supergene zones related to palaeo weathering



Haematized Supergene



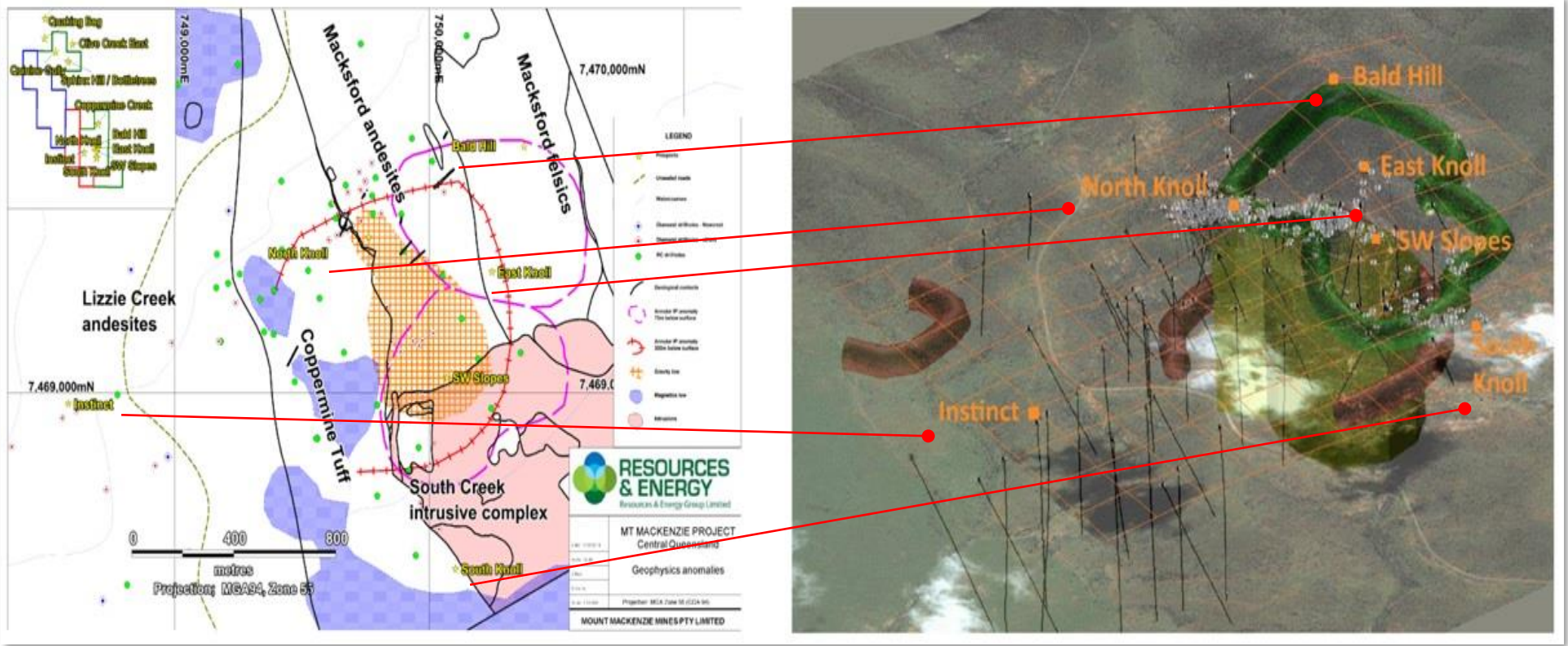
Colloform and Vuggy Silica



Sulphide Mineralisation

Other Prospects-Geophysical Targets MDL2008

3D modelling of magnetics, gravity and IP results indicates potential for gold-copper mineralisation at depth below the main zone of mineralisation at Mount Mackenzie. The figure below shows a perspective and plan view of the Mount Mackenzie prospect with annular IP chargeability anomalies at 70 and 300m together with gravity. The IP anomalies are interpreted to be disseminated sulphide mineralisation, ringing a gravity low, which could be due to a late-stage felsic intrusion. Very little drilling has penetrated these anomalies and they represent a primary target for further exploration.



Other Prospects-Clive Creek EPM 10006

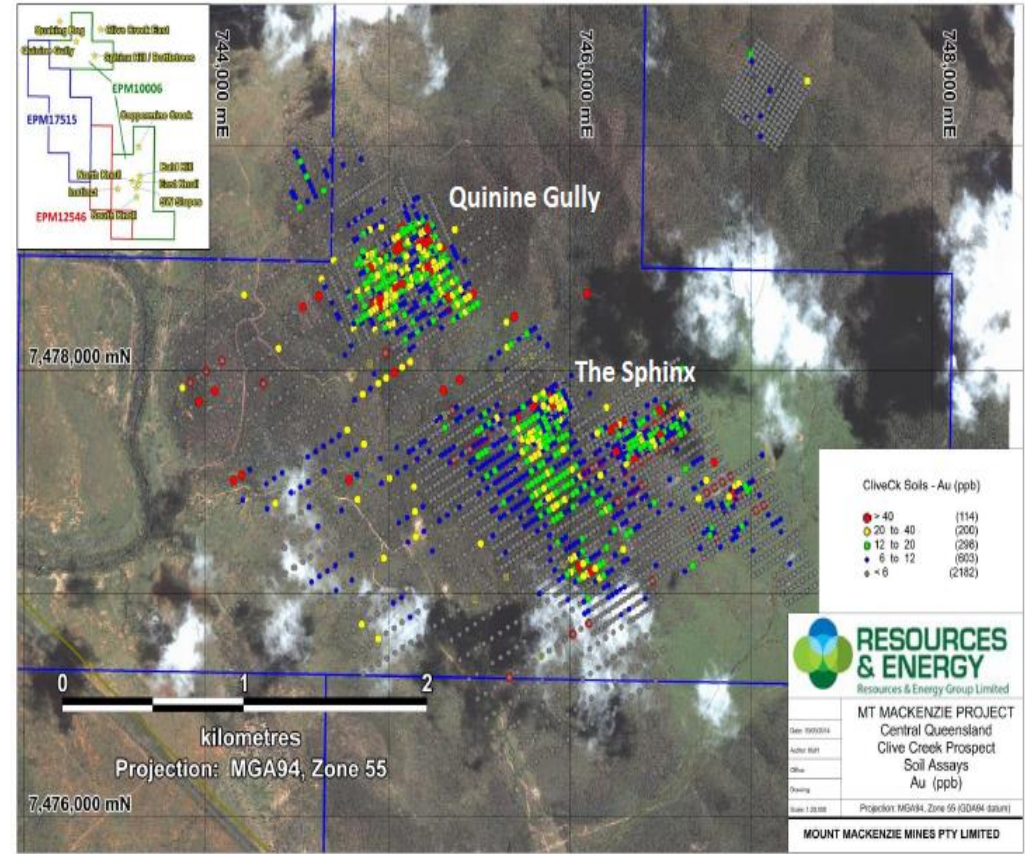
The Clive Creek prospect comprises 2 areas of anomalous Gold and Base metals mineralisation. These are known as the Sphinx and Quinine Gully. The alteration systems observed at these localities features large zones of advanced argillic alteration as at Mount Mackenzie but comprises a more diverse range of alteration styles, ranging from polymetallic veins and disseminated low-grade chalcopyrite, mineralisation in porphyritic adamellite, to quartz-magnetite-chlorite and chalcopyrite veins of possible stockwork style.

Historic Geochemical soil sampling to date within the area has outlined:-

At **Sphinx Hill** large anomalies for lead (max. 3,950ppm), zinc (max. 2,300ppm), arsenic (max. 4,500ppm) and smaller anomalies for copper (max. 630ppm) and silver (70ppm) and gold up to 49ppb, associated with polymetallic veins in porphyritic adamellite have been identified. Anomalous gold in soils were closely following high arsenic, silver and to a lesser extent copper, lead and zinc;

At **Quinine Gully**, a large area of anomalous gold with low order copper with highest gold values of 356ppb which is comparable with anomalous gold values in soils associated with mineralisation at Mt Mackenzie have been identified.

More recent MMI soil sampling over the two prospects has repeated these earlier findings.



EPM 10006 Gold in Soil Anomalies

Consent

Competent Persons Statement

The information in this release that relates to Resources is based on and fairly represents information compiled by Mr. Michael Johnstone who is a member of the Australasian Institute of Mining and Metallurgy, and Principal Consultant for Minerva Geological Services (MGS). MGS has been contracted by Resources and Energy Group to provide Exploration Management and technical advice to the company. Mr. Johnstone has sufficient experience that is relevant to the reporting of Resources and Exploration Results to qualify as a Competent Person 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.