

Quarterly Activities Report and Appendix 5B December 31, 2021

HIGHLIGHTS

- **Nickel Sulphide mineralisation confirmed at Springfield**
- **First bullion production achieved at Granny Venn, 3264oz au poured**
- **Resource drilling at Maranoa (M29/427) commenced**
- **Section 31 Native Title negotiations commenced for Mining Lease Applications M29/434 and M29/437**
- **Mount Mackenzie Environmental and Hydrological studies commence. Metallurgical test work commences in WA.**

Resources & Energy Group Limited (ASX: **REZ** or the **Company**) is pleased to provide its Quarterly Activities Report and Appendix 5B Cash Flow Report for the period ending December 31, 2021.

East Menzies Gold Project (EMGP) West Australia

Gigante Grande Prospect

During the report period, exploration planning, including interpretation of Geophysics and resource modelling has continued with work focussed on developing a program of drilling for first quarter 2022. As part of this process the company has identified a number of drill targets in the northern part of the prospect area. To facilitate these exploration activities the Company will be carrying out clearance surveys in late February 2022.

To assist with exploration planning the Company has also engaged with Southern Geoscience Consultants to review available geophysics over the project to assist with target generation.

The exploration completed so far has unveiled an extensive vein and shear hosted gold system within the Gigante Granite along its contact with the Moriarty Shear Zone. The mineralised structures are interpreted to be associated with a steeply dipping high rheological contrast zone between the Granite on the west and Greenstones on the east. In general, the productive zone runs North South through the entire length of the Gigante Grande prospect area.

Due to its structural heterogeneity, the Gigante Grande prospect has the potential to be a very big system. The shallow nature of mineralisation and extensive strike combined with the tenor of grades and intervals encountered at Gigante underscore the potential for this prospect to host a large open cut gold resource, significant results achieved to date are shown on figure 1. The Company has secured additional prospecting licences north and south of the original discovery. This unlocks a further 4.6km

strike length of prospective ground along the Moriarty Shear zone and its contact with the Gigante Granite for exploration.

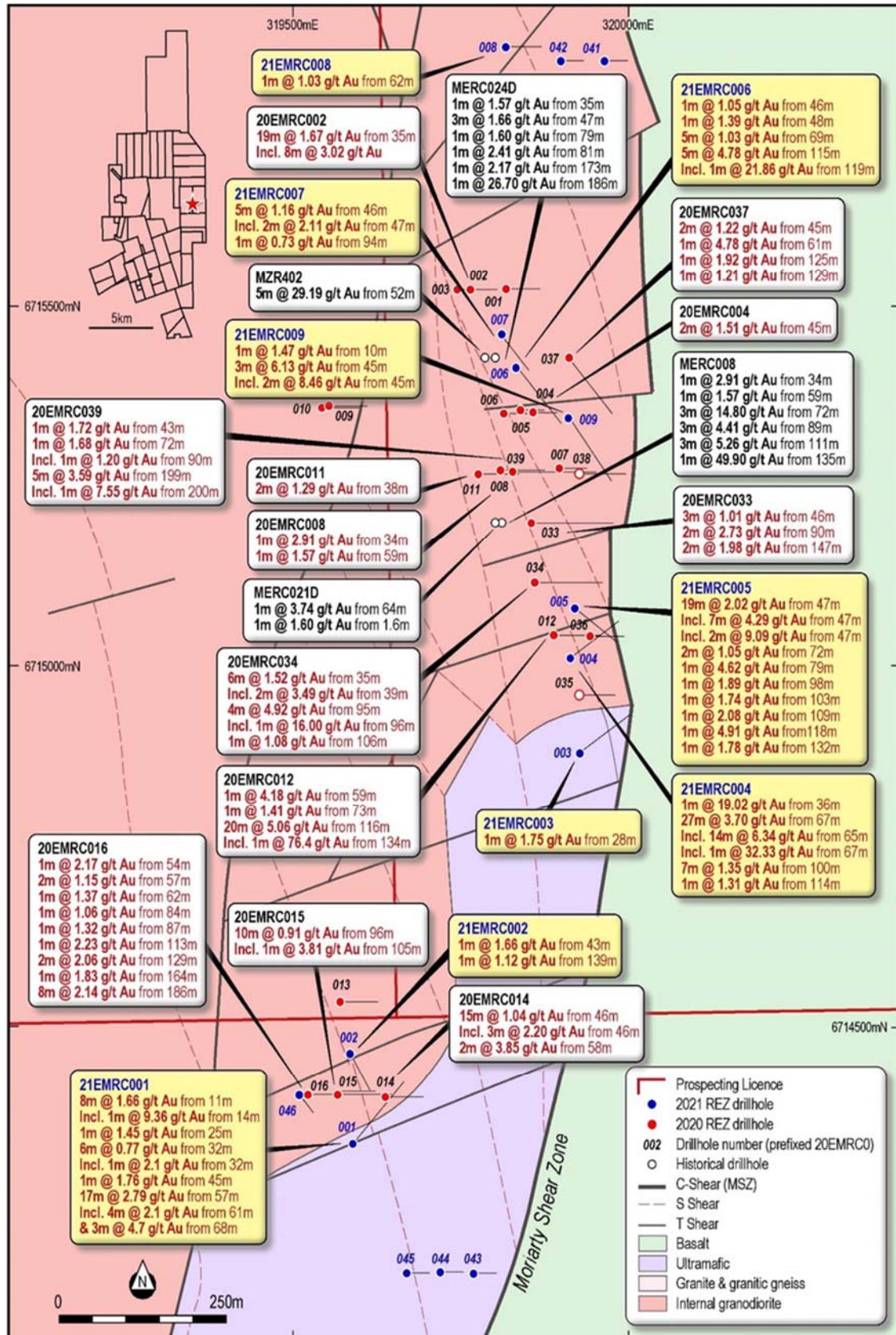


Figure 1 Borehole Location Plan Showing Significant Intervals of Gold Mineralisation.

Granny Venn Cut Back

During the quarterly period, Mining Operations at Granny Venn continued, and have advanced to the 375m level within the Eastern Cutback, refer Plate 1. Approximately 50kt of ore was processed at the Lakewood gold mill which generated 3264oz of fine gold poured. As at the end of the quarterly period ROM stocks of approximately 15kt of LG and HG ore are on site, with preparations underway for Toll 3 in the new year, Plate 2. Mining operations shut down for the Christmas break and will resume in early January 2022.



Plate 1 Mining High Grade Ore Granny Venn East Cut Back 375 Bench



Plate 2 Granny Venn Ore LG and HG ROM Stockpiles

Springfield Prospect

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 prospective features for the occurrence of volcanogenic nickel and base metal deposits as well.

During the Quarterly period the Company received results from 193 RC samples which were selected for Multi Element analysis by ICP MS and Platinum Group analysis by Fire assay. This work confirmed a number of highly anomalous metal values, refer figure 2. This included the following peak down the hole assays ⁽¹⁾:

- **SFRC01-1m @ 1.78% Ni, 0.21% Cr, 5% S ⁽²⁾, 269ppm Mo and 245ppm Cu from 98m.**
- **SFRC04-1m @ 0.5 % Ni, 0.19% Cr, 4.4% S, from 88m**
- **SFRC05-2m @ 1.02% Ni, 0.6% Cr, 0.4% Zn, from 29m and 2m @ 1.1 % Ni, 1% Cr ⁽³⁾, 0.49% S, 0.45% Zn, 0.07% Co from 36m, included within 9m @ 0.8 % Ni, 0.62% Cr, 0.31% Zn from 29m**

The company also the Company engaged a leading industry expert-Ben Grguric to evaluate the samples and provide an overall assessment of the prospectivity of the results with focus on magmatic Nickel mineralisation. Some key observations from the petrographic work completed by Mr Grguric were the confirmation of Ni-Fe sulphides such as Pentlandite, Violarite, Nickeloin, Smythite and Gersdorffite. These minerals were present either in the form of discrete grains, blebs, replacement margins, and in one case (SFRC01 98-99m), in net-textures associated with Pyrrhotite.

In December 2021, the completed a further seven Reverse Circulation (RC) holes at Springfield with approximately 900 samples submitted for Multi Element analysis including Au and Platinum Group Element assays. The results of this testing are not yet available

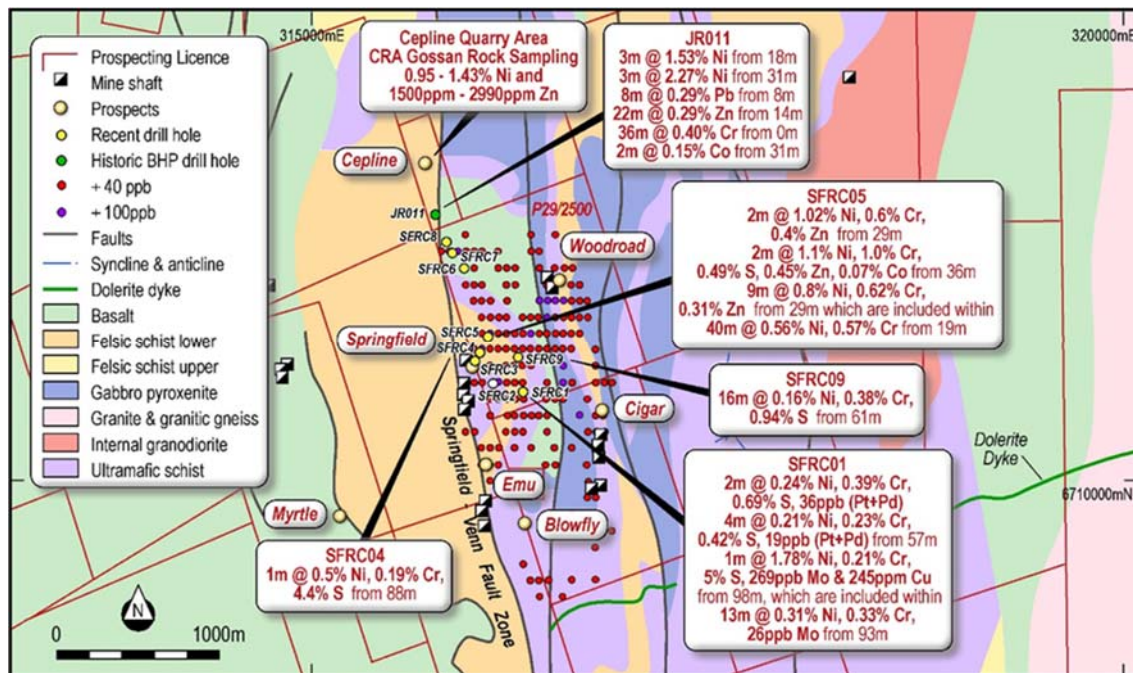


Figure 2 East Menzies Gold Project Springfield Prospect and Borehole -Location Plan

Maranoa Prospect

In late December 2021 the Company completed four RC holes at Maranoa, which is located on the west side of the East Menzies Tenement package, approximately 2.5km south of Granny Venn (M29/189), refer figure 2. These holes were drilled opportunistically, to take advantage of equipment and resources which were still on site after completion of the Springfield drilling program in late December. Maranoa is a granted Mining License (M29/427) and is being investigated as part of the Company's strategy to identify and commercialise near term and low capital cost mine development

Appendix 5B Commentary

REZ ended the quarter with cash of \$2.1 million (\$128,000 at 30 September 2021).

Quarterly outgoings on operations were \$184,000 comprised of exploration costs expensed and costs of management and administration. Capitalised costs of \$322,000 were also incurred which included further evaluation of prior drilling results and planning for the next phase of the Company's exploration programs.

REZ received during the quarter \$2.7 million from a placement of its ordinary shares.

In accordance with Listing Rule 5.3.5, payments to related parties and their associates during the quarter totalled approximately \$74,000 and comprised of fees paid to the Directors and Arthur Phillip Pty Limited (**Arthur Phillip**) who provides REZ with management, strategic and other services. The Executive Director has a financial interest in and control of Arthur Phillip.

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 192k oz/au and 862k oz/au ag, as shown in the table below

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 ⁽¹⁾	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 ⁽²⁾	Primary	1	634	1.84		38		82	1.99		5.2		716	2.07		43	
Granny Venn ⁽³⁾	Primary	1	134	2.03		9		41	2.14		2.9		175	2.1		12	
Maranoa ⁽⁴⁾	Primary	1						46			8	8.05	46	5.7		8	
Total			2468			113	618	1899			79	252	4357			192	862

Table: Indicated and Inferred Resources

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 figures 3 and 4.

(1) ASX Release 19 May 2020, (2) ASX Release 3 November 2020, (3) ASX Release 19 February 2021, (4) ASX Release 22 November 2018

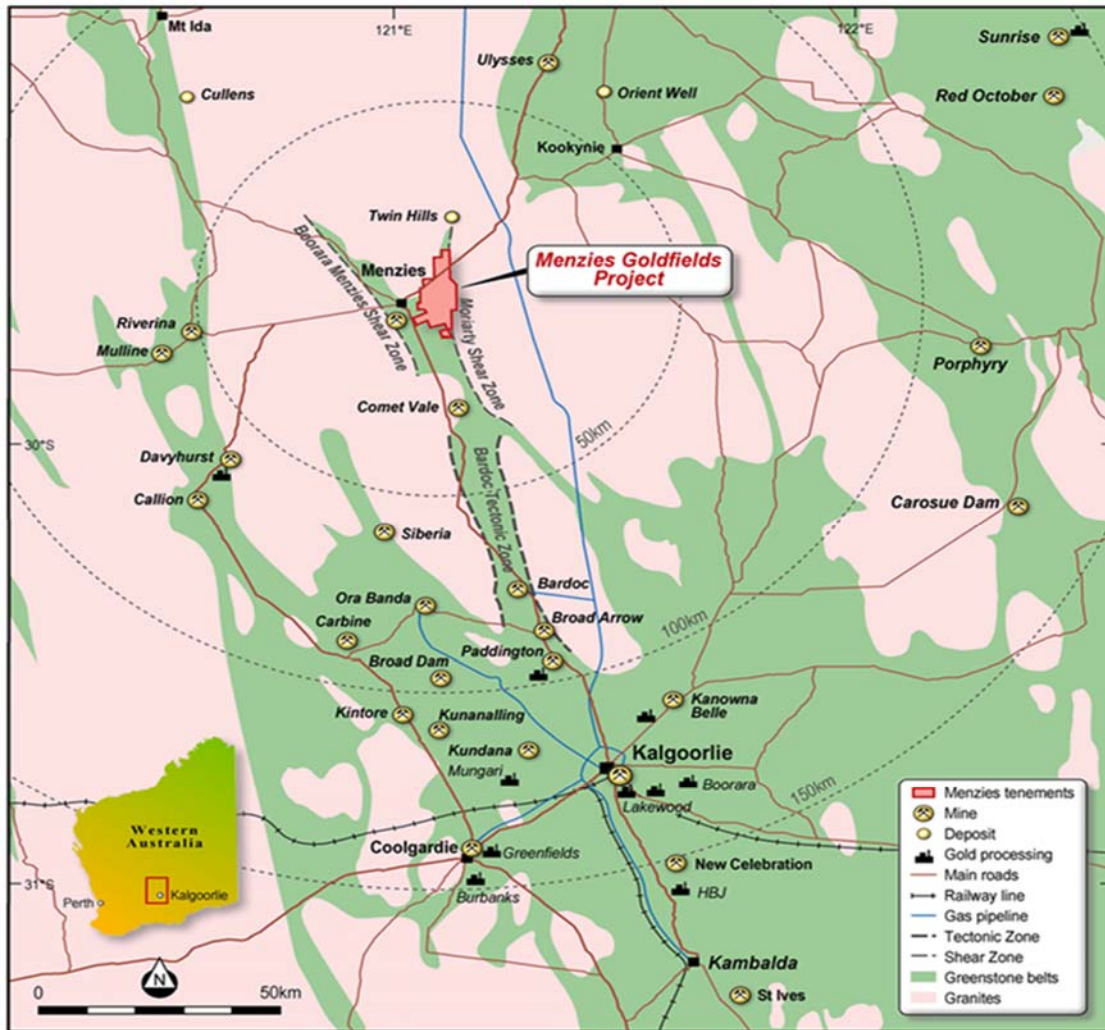


Figure 3; East Menzies Gold Project-Regional Location Plan

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.

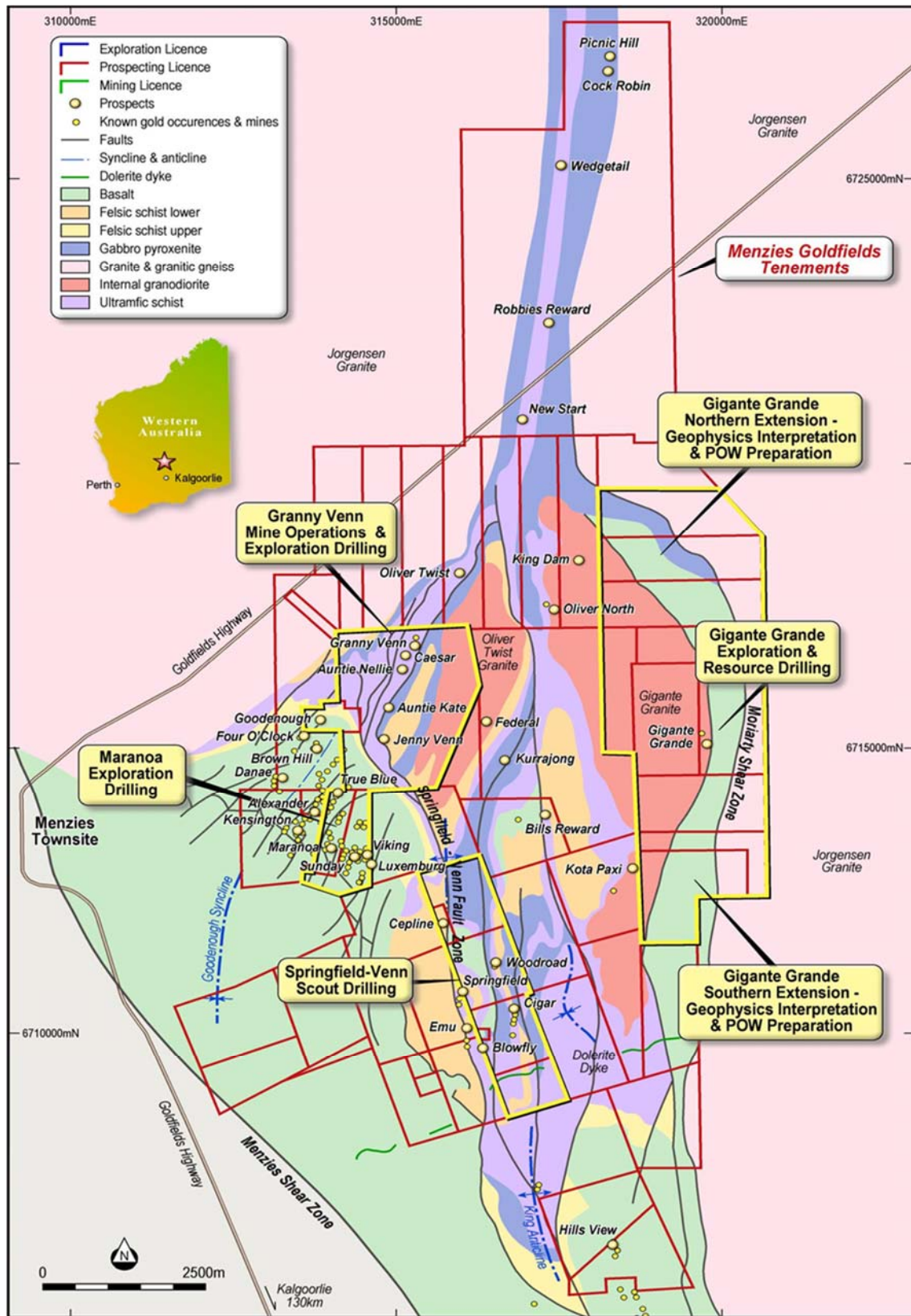


Figure 4; East Menzies Gold Project-Tenement and Operations Location Plan

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 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.

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.

Further information:

Further information:

Richard Poole

Executive Director

E: communications@rezgroup.com.au

P: +61 2 9227 8900

Approved for Release by the REZ Board

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Resources & Energy Group Limited

ABN

12 110 005 822

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter (3 months) \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(44)	(98)
(b) development		
(c) production		
(d) staff costs	(30)	(110)
(e) administration and corporate costs	(110)	(230)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(184)	(438)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(322)	(956)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter (3 months) \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(322)	(956)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,725	2,725
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(194)	(194)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	2,530	2,530

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	128	128
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(184)	(438)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(322)	(956)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,530	2,530

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter (3 months) \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,153	2,153

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,153	128
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,153	128

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	74
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(184)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(322)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(506)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,153
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,153
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: By order of the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.