

Quarterly Activities Report March 2022

HIGHLIGHTS

- Mining Operations at Granny Venn Cutback nearing completion
- 65kt ROM stocks with an estimated head grade of 2.35gt/au. Toll Milling Campaigns are scheduled for April and early May. REZ expects cash inflows during June quarter.
- Shallow high-grade gold mineralisation intersected at Maranoa
- Ni-Fe sulphides of primary magmatic origin confirmed at Springfield
- Peak Result of 33 m @ 0.3% Ni, 0.02% Co and 0.32% S from 50 m down the hole from SFRC15
- Section 31 Native Title negotiations for Mining Lease Applications M29/434 and M29/437 continuing
- Mount Mackenzie Ecology surveys completed. Metallurgical test work and Hydrology studies are ongoing.

Resources & Energy Group Limited (**ASX: REZ or the Company**) is pleased to provide its Quarterly Activities and Cash Flow Report for the period ending 31 March, 2022.

East Menzies Gold Project (EMGP) West Australia

Granny Venn Cut Back

Ore and Waste Mining activities at the Granny Venn Cut Back were completed during the quarterly period. Operations now focus on waste dump profiling, and haul of approximately 65kt of ROM stocks to St Barbara's Gwalia Plant and Golden Mile Milling's Lakewood Gold Mill for processing.



Image 1: ROM Stocks at end of March 2022,



Image 2: Granny Venn Cut-Back Final Ore and Waste Removal

Two milling campaigns of approximately 30kt-35kt each, are scheduled for April (Gwalia) and May (Lakewood). Following the processing of the material and reconciliation of costs incurred, REZ expects to receive its share of the cash flow from the campaigns during the June 2022 quarter.

After completing mine operations, the Company's mining partner BM Mining Services will complete dump profiling, deep ripping and topsoil spreading of waste emplacements and commence demobilising.

Mining and exploration activities at Granny Venn have identified potential for additional resources to the south, west, and north of the current open pit. Planning work on testing these targets has been carried out, with a view to drilling during April and May 2022

Maranoa

In late December 2021 the Company completed a program of 4 RC holes over M29/427 Maranoa. The purpose of the work was to drill test a potential resource extension, and to assist with mine-planning.

Three of the four holes completed in the December 2021 program intersected the targeted lode system with peak assays of:

- **MRRC01-3m@ 11.7gt/au from 36m, including 1m @ 33.75gt/au from 37m down the hole**

The December drilling has since been followed up with a 23hole RC drilling program targeting a potential shallow resource extension to the north of the main Maranoa line of workings. A total of 500m of drilling was carried out as part of this work, with assay results expected in late April 2022.

Springfield

The petrological and litho-geochemical study was carried out on 14 Reverse Circulation (RC) samples recovered from the Springfield Prospect (boreholes SFRC01, SFRC04 and SFRC05). Basis on mineralogy, geochemistry, and textural attributes, seven samples in two of the holes examined contained recrystallised Ni-Fe sulphides of primary magmatic origin.

The confirmation of magmatic Ni-Fe sulphide mineralisation is a significant and material exploration result. With earlier scout investigation, and historical exploration, the findings have opened up a substantial area of prospective rocks within the greater East Menzies Gold Project area for nickel, cobalt, copper, and platinum group elements. It allows the possibility that the ultramafics and nearby lithologies may host more significant accumulations of disseminated and massive Ni-Fe sulphides. The prospect area now has a strike length of approximately 2.5 km, is open at depth, and encompasses a surface area of about 6 km² refer to Figure 1.

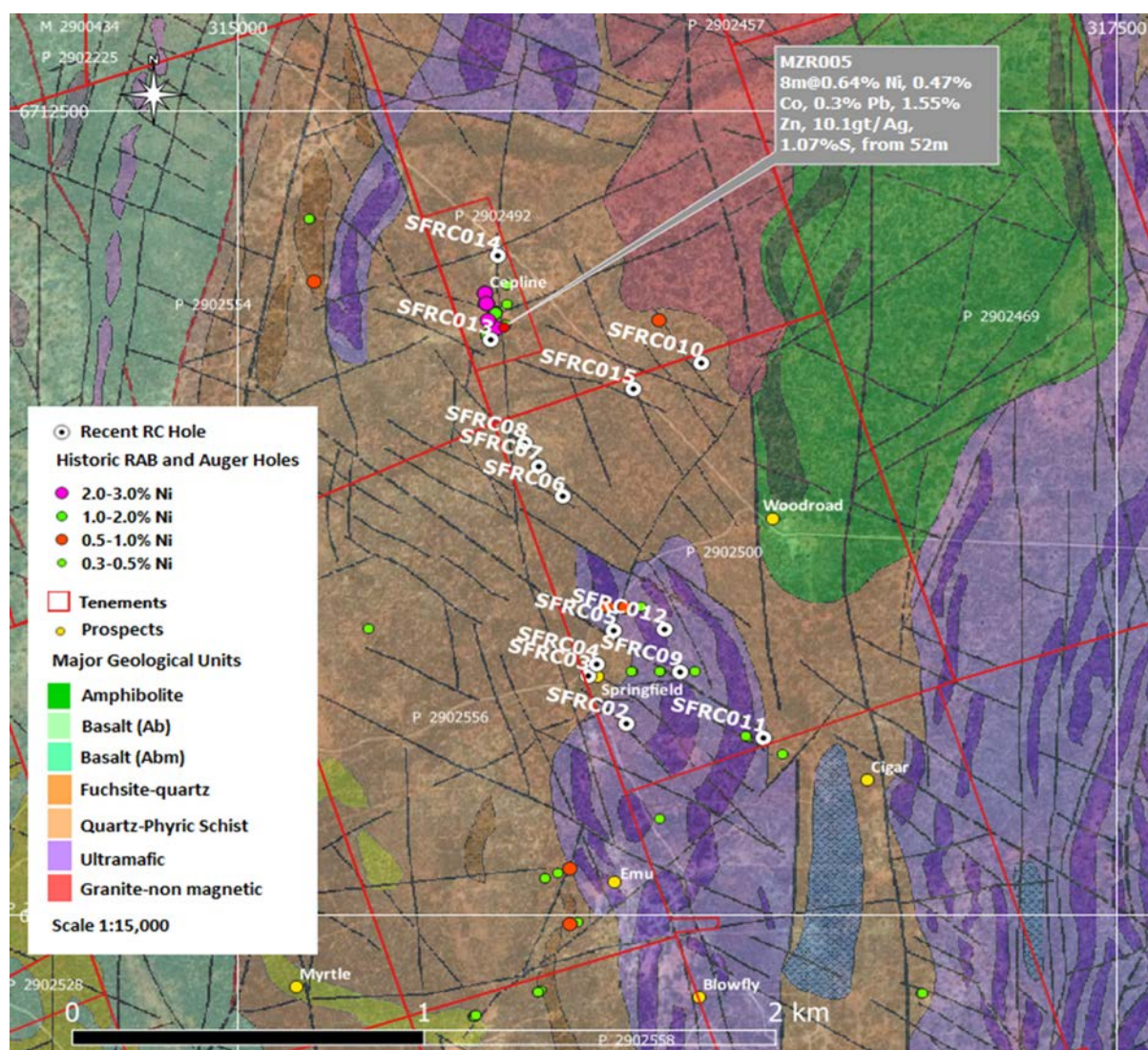


Figure 1 Lithostructural Interpretation Showing Recent Borehole Locations and Peak Nickel results from Historic Drilling

The petrological studies completed by the Company were followed by a short program of RC drilling in late December 2022. Four of the six holes intersected broad intervals of finely disseminated nickel-bearing sulphides, with elevated cobalt, palladium, and platinum, with a peak result of:

- **33 m @ 0.3% Ni, 0.02% Co and 0.32% S from 50 m down the hole from SFRC15**

These results are again supportive of a magmatic Nickel origin. Four holes drilled have also intersected narrow gold mineralisation intervals, with a peak result of **2 m @ 3.5 g/t Au from 32 m in SFRC10**. The gold mineralisation is not related to nickel occurrences and is believed to be associated with a geologically younger orogenic gold event.

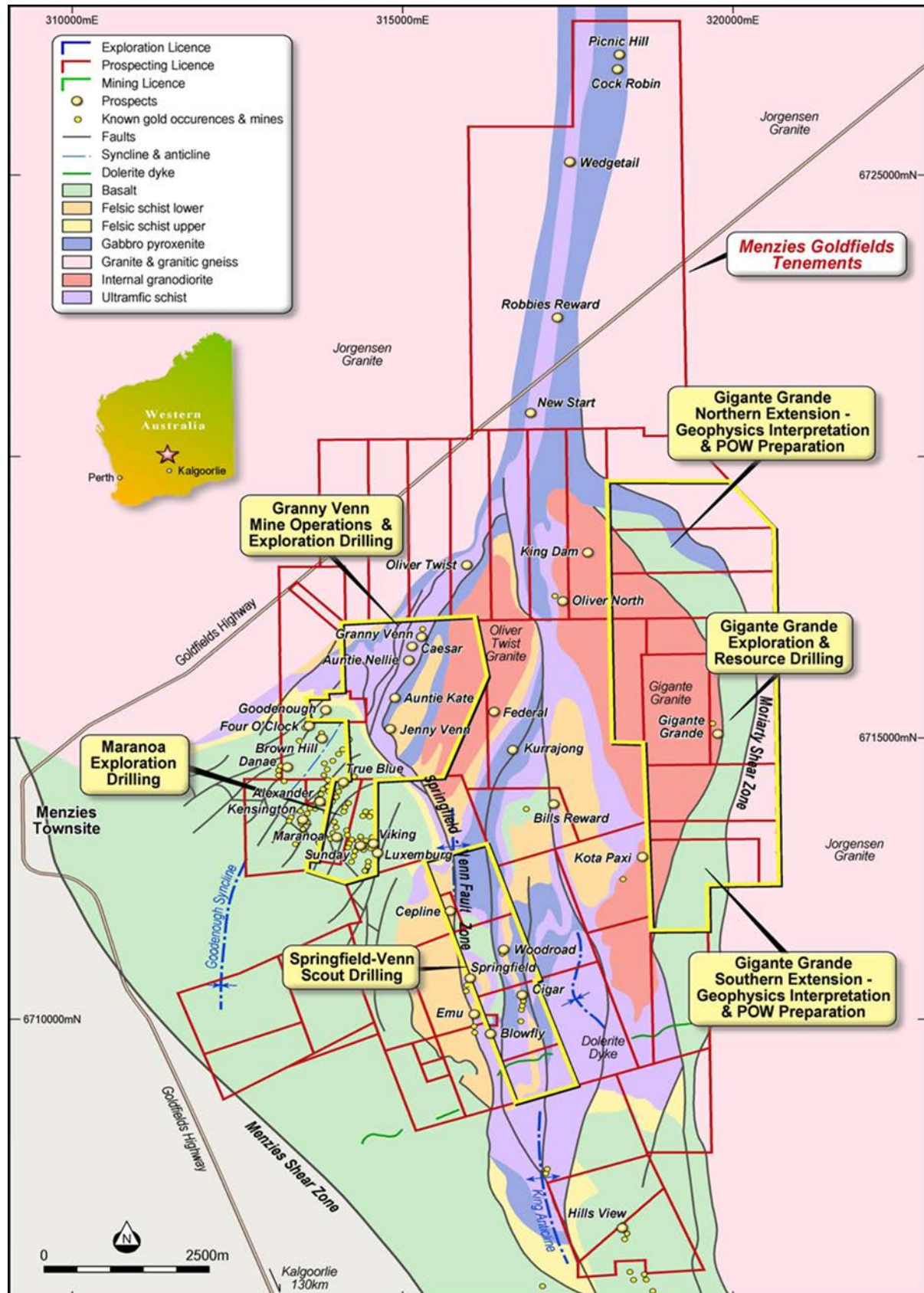


Figure 2 East Menzies Project tenement and Operations Plan-April 2022

To assist with exploration planning over the Springfield prospect area, the Company has recently engaged NewGen Geo Pty Ltd to undertake a project-wide review of the best available airborne magnetic datasets and provide advice and guidance on existing geophysical data and additional geophysical studies. The Company is also looking at reprocessing the existing HELITEM data to remove Induced Polarisation effects, which are believed to have hindered past exploration performance. The commission of a ground Moving Loop Electromagnetic (MLEM) survey over the prospective komatiitic basement which extends between the Cepline, and Emu prospects is also under assessment. The Company has also engaged Dr Ben Grguric from Mineralium Pty Ltd to validate logging, sample for lithogeochemistry and sulphide petrography and provide advice on further exploration strategy.

Gigante Grande Prospect

During the reporting period, exploration planning, including interpretation of Geophysics and resource modelling, has continued. To assist with exploration planning, the Company engaged Southern Geoscience Consultants to review available geophysics over the project to assist with target generation. As part of this process, the Company has identified additional drill targets in the northern part of the prospect area. Before exploration work can commence, cultural heritage clearance surveys will be required for pad and access preparation. This work is expected to commence during the first week of May.

Section 31 Native Title Negotiations

During the quarterly period the Company held further meetings with Nyalpa Pirniku People with respect to the grant of M29/434 and M29/437. A committee established between Company and the NPP is working collaboratively to develop the basis of an agreement, which would be put forward to advance the Mining Lease Applications.

Mount Mackenzie Gold and Silver Project Queensland

The Company is carrying out mining, groundwater, ecological, and metallurgical studies, to inform a PFS study and an application for an Environmental Authority to develop the project. During the quarterly period, the Company completed a post wet season ecology survey of the project site and commenced hydrological studies to assess the water availability for mine operations and processing. A LIDAR survey of the entire project site was also carried out to assist with planning and design. Metallurgical investigations are ongoing, with work focussed on finer grinding and intense leaching of Primary ore to improve recovery.

Appendix 5B Commentary

REZ ended the quarter with cash of \$1.4 million (\$2.1 million at 31 December 2021).

Quarterly outgoings on operations were \$313,000 comprised of exploration costs expensed and costs of management and administration. Capitalised costs of \$345,000 were also incurred which included further evaluation of prior drilling results and planning for the next phase of the Company's exploration programs.

In accordance with Listing Rule 5.3.5, payments to related parties and their associates during the quarter totalled approximately \$98,000 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: refer to Table 1

| 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 1 Resources and Energy Group Resources

In Western Australia, the Company's flagship is the East Menzies project (EMP), situated 130km north of Kalgoorlie. The EMP represents a +100km² package of contiguous mining, exploration, and prospecting licenses which are prospective for precious metals, nickel, and other technology metals. The tenements are located within a significant orogenic lode gold province, figures 2 and 3.

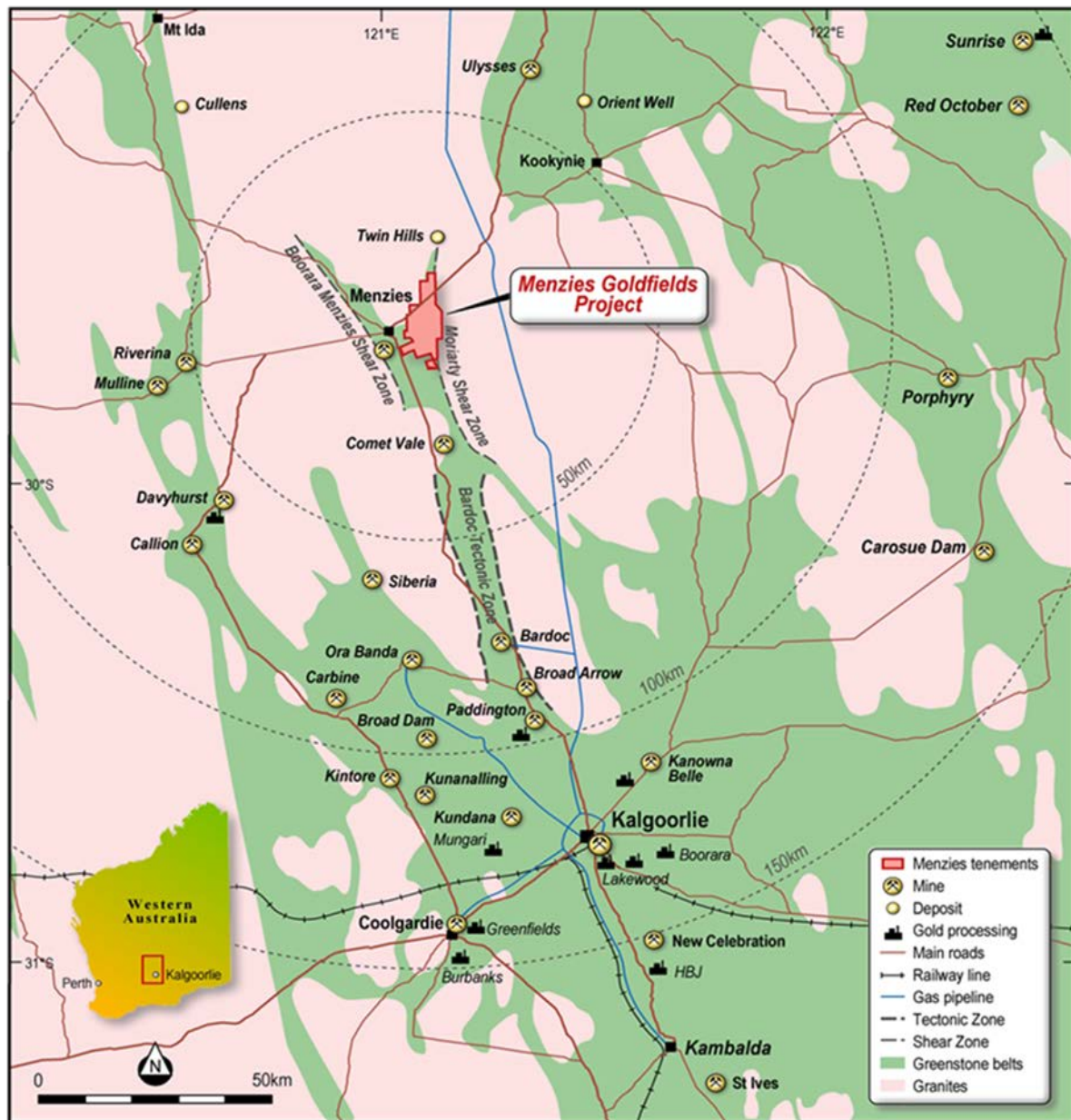


Figure 2; East Menzies Gold Project-Regional Location Plan

The EMP currently encompasses five operational areas, including the Gigante Grande Gold prospect on the east side project area, refer to figure 2. In the southwest, drilling investigations at Springfield have intersected magmatic Ni sulphides. This is a significant material exploration result that has opened up a large tract of prospective ground for nickel, cobalt, copper, and platinum group elements. In the central west, the Company is investigating opportunities for mining operations in M29/189 Granny Venn, M29/141 Goodenough, and M29/427 Maranoa, with drilling programs at Granny Venn and Maranoa currently underway.

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 tenements are prospective for high, intermediate, and low sulphidation gold and base metals mineralisation. The current MRE for Mount Mackenzie 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: refer to the Resource Summary. The Company is carrying out mining, groundwater, ecological, and metallurgical studies, to inform a PFS study and an application for an Environmental Authority to develop the project.

Competent Persons Statement and Consent

The information in this release related 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 it appears.

Further information:

Further information:

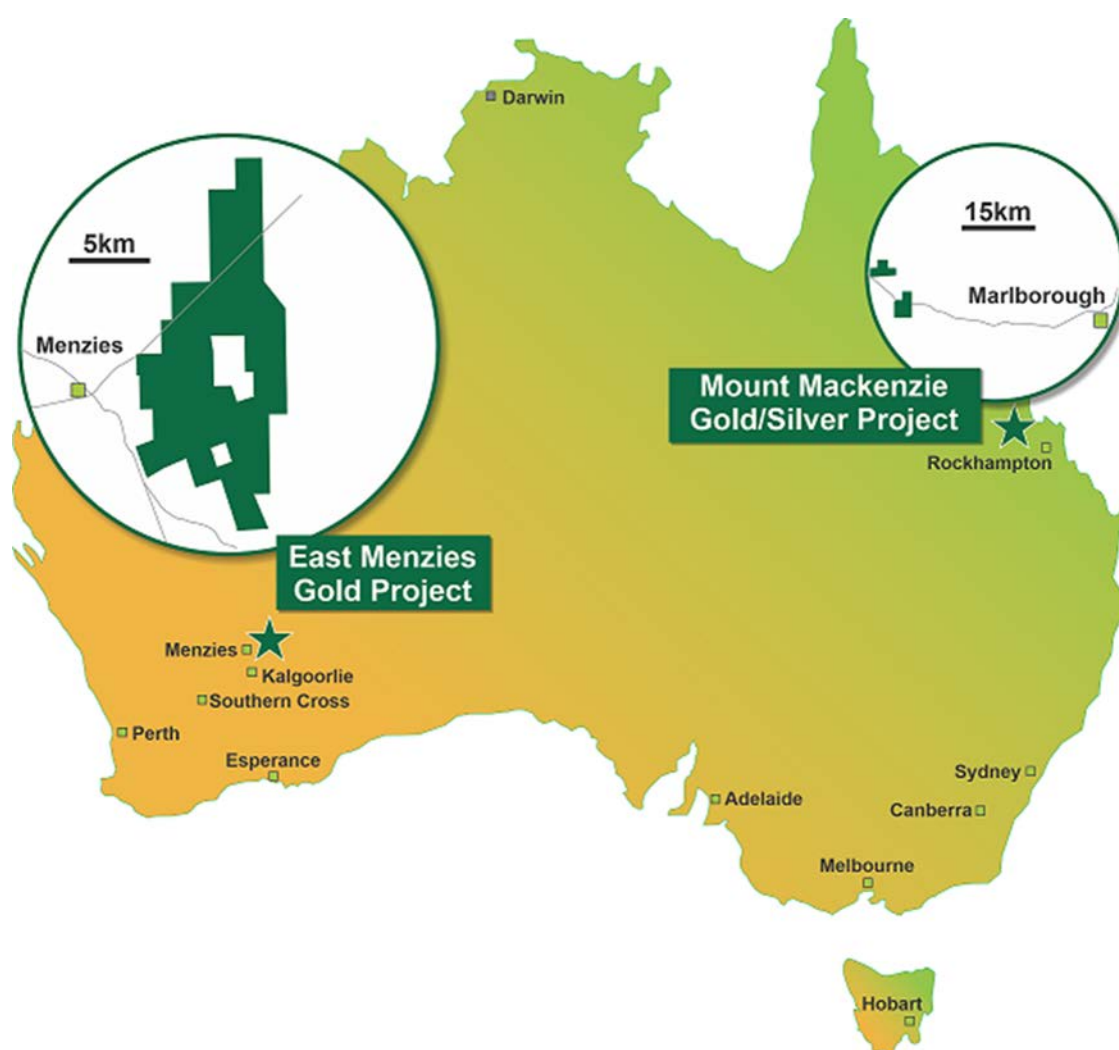
Richard Poole

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 March 2022

| Consolidated statement of cash flows | | Current quarter (3 months) \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|--|---------------------------------------|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | | |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (181) | (279) |
| | (b) development | | |
| | (c) production | | |
| | (d) staff costs | (12) | (122) |
| | (e) administration and corporate costs | (120) | (350) |
| 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 | (313) | (751) |
| 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 | (345) | (1,301) |
| | (e) investments | | |
| | (f) other non-current assets | | |

| Consolidated statement of cash flows | | Current quarter (3 months) \$A'000 | Year to date (9 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 | (345) | (1,301) |

| | | | |
|-------------|---|----------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 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) |
| 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 |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,153 | 1,016 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (313) | (751) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (345) | (1,301) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 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 (9 months) \$A'000 |
|--------------------------------------|---|--|---------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | | |
| 4.6 | Cash and cash equivalents at end of period | 1,495 | 1,495 |

| 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 | 1,495 | 2,153 |
| 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) | 1,495 | 2,153 |

| 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 | 98 |
| 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) | (313) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (345) |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (658) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 1,495 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 1,495 |
| 8.7 | Estimated quarters of funding available (item 8.6 divided by item 8.3) | 2.2 |
| <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: 27 April 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.