

## Quarterly Activities Report June 30, 2022

### HIGHLIGHTS

- Mining Operations at Granny Venn Cutback (GVCB) Completed
- Total ore production of 126kt at head grade of 2.37gt/ au achieved
- \$3.35 million Cash Received at end of June
- Additional High-Grade Hits at Maranoa
- Programs of Work for Gigante Grande Prospect approved, Native title Clearance completed
- Diamond drilling commences at the Springfield Nickel Prospect
- Reprocessing of HeliTEM data has revealed new anomalies over Springfield
- Environmental and Mining Consultants appointed at Mount Mackenzie to assist with EA application, and management of approval process.

Resources & Energy Group Limited (ASX: REZ or the Company) is pleased to provide its Quarterly Activities and Cash Flow Report for the period ended 30 June 2022.

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

#### Granny Venn Cut Back

During the Quarterly period the fourth toll treatment (T4) for the GVCB was completed at Golden Mile Milling's Lakewood plant. The cut back represented the first mining operations to take place at Granny Venn since 1998. The production target forecast by the Company was exceeded with the recovery of 126kt of ore with an estimated head grade of 2.37gt/au for 9532 oz being achieved. An additional 14kt of low grade and mineralised waste with an estimated head grade of between 0.7 and 0.9gt/au remains stockpiled at site.

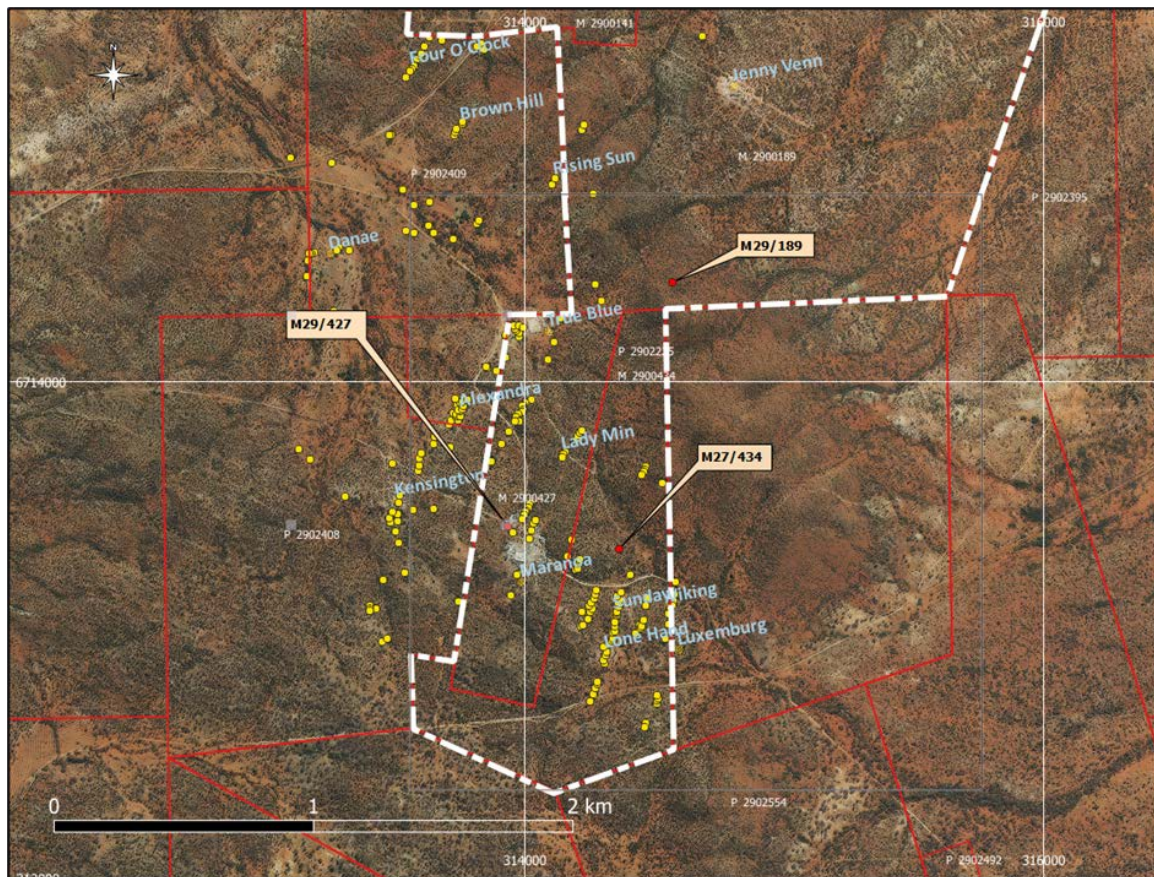
In late June the Company elected to sell its share of gold from the project and these sales generated \$3.35m in cash for the Company. The reconciliation of silver credits and incidental costs to be shared between REZ and its mining partner BM Mining Services will be completed during the September quarter. It is expected that further minor amounts will be invoiced by REZ as part of that process.

#### Maranoa

The Maranoa ore body extends over a distance of about 250m-300m, however, the principal historic workings are concentrated along the south end of the lode. The northern extent of the lode appears to be above and outside the upper limit of historical workings and was targeted to investigate this zone and its potential to host open pit mining. In early March a total of 21 holes for a drilling advance of about 500m were completed along the projected strike of the main Maranoa lode. Hole depths ranged between 15 and 40m. Significant results at COG 0.3gt/au were intersected during the March campaign which include:

- MR23 3m @ 5.06gt/au from 22m, including 1m@14.65gt/au from 22m
- MR24 5m @ 7.95gt/au from 3m, including 1m@ 32.7gt/au from 6m
- MR27 7m @ 3.2gt/au from 19m, including 1m@ 9gt/au from 19m

The Maranoa line of workings is one of the multiple northeast-trending quartz veins, conspicuously displayed by lines of old workings and surface scratching's. Apart from the Maranoa reef itself, others in the suite include True Blue, Alexandra, Picton, and Lady Min all located in M29/427, and Sunday Gift, Viking, Brilliant and Luxemburg, which are located in M29/434, refer figure 1.



*Figure 1 M29/427 and 434 Showing existing prospects and workings*

Historical production records show that these prospects are high-grade, such as Kensington: 31.8g/t, Maranoa 14.8g/t, and Sunday Gift 53.6g/t. The development of additional shoots, along the strike of these prospects or parallel to them is also likely.

Further resource drilling will be carried out to investigate whether the shoots can be bulked together to support a larger scale of mining operations integrated between M29/427 and M29/434. In this connection, M29/427 is a granted mining lease and M29/434 is a mining lease application that has proceeded to Section 31 Native Title Negotiations.

M29/427 and 434 are contiguous with M29/189 (Granny Venn), which provides access to existing fit for purpose infrastructure. This includes a 2.5km long haul road and a turn-out onto the Goldfields Highway which has recently been upgraded as a result of mining activity at Granny Venn. ROM stockpile pads and hardstands, with cleared levelled areas suitable for administration facilities and HEMM traffic, have also been retained on site following mining activities at Granny Venn.

### Springfield

During May the company completed a diamond tail over drill hole SFRC13 from 76m to 151.4m. SFRC13 was originally drilled as an RC hole which was terminated short at 76m due to equipment failure. The diamond tail was justified on the basis of some favourable Nickel results and associated geochemistry from the RC portion of SFRC13 which included:

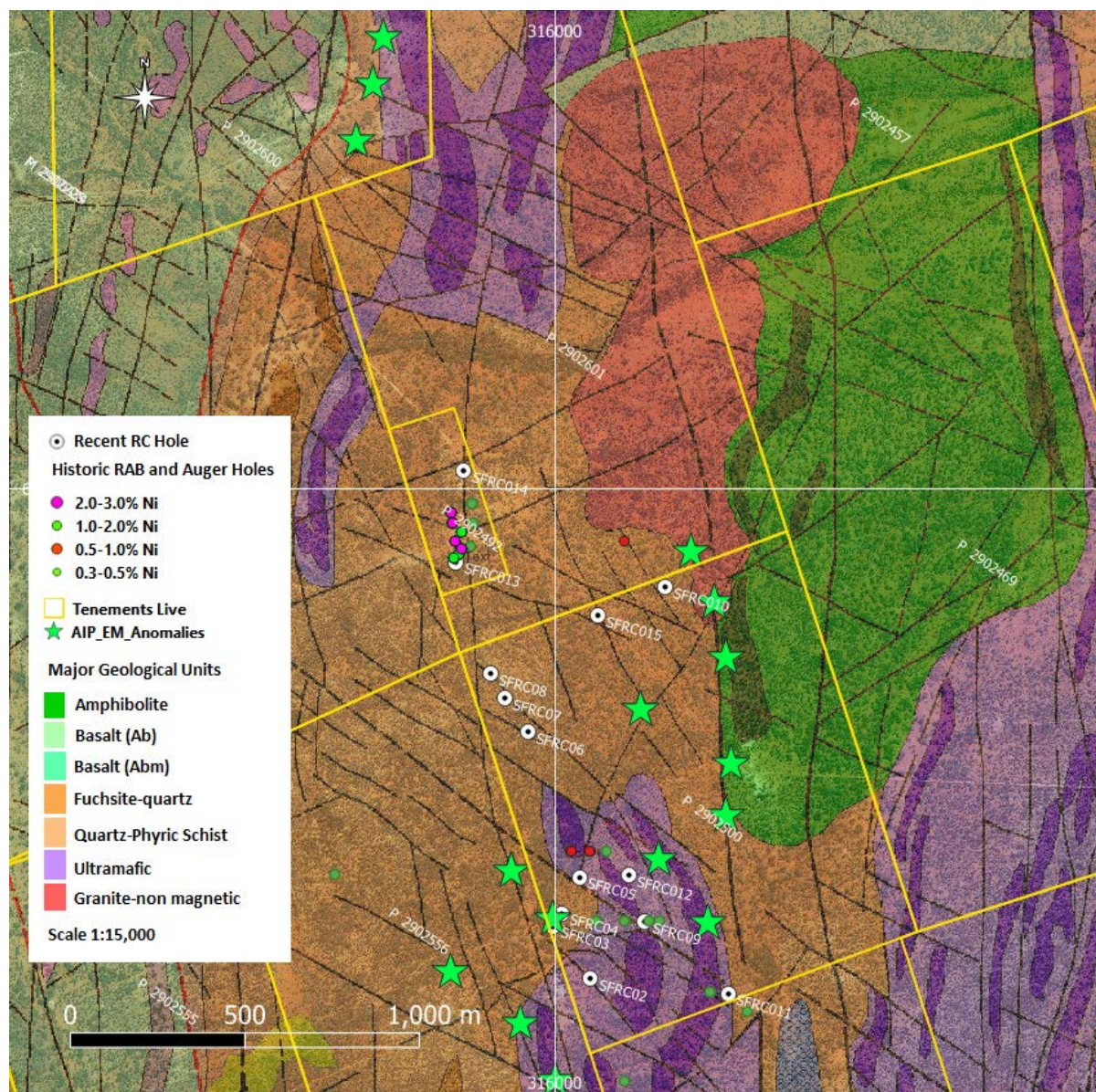
- **4m@ 0.3% Ni, 434ppm Co, 259ppm Cu, 65ppb (Pt+Pd) and 0.92% S from 65m down the hole.**

The cored section in SFRC13 intersected a highly altered interval of ultramafic rocks (fuchsite-quartz-schist) from 118m to bottom of hole at 151.4m. Petrological assessment of thin sections from selected samples from this interval identifies the rocks as chlorite-biotite-rich and fuchsite-rich birbirites. Birbirites are a silicified form of Komatiite-a magmatic rock which is known to host Fe-Ni sulphides. Core samples from SF13 have been split, and samples submitted for multi element geochemical assays by ICPOES, and Au, Pt and Pd by fire assay. Results for these assays are expected during August 2022.



As part of the Springfield prospect evaluation, reprocessing the existing EM data-to remove IP /noise effects has also been completed and work has started on evaluating the outcome of this work. The reprocessing has revealed a number of anomalies that appear to have been masked in the original EM data, these are shown on figure 2. These anomalies are being modelled to evaluate whether they could represent discrete bedrock conductors for follow-up drilling. Significantly, the new EM anomalies occur within the interpreted ultramafic sequences, which are classed as Birbirites. The prospect area has a strike length of approximately 2.5 km, is open at depth, and encompasses a surface area of about 6 km<sup>2</sup>.

The Company has also commissioned Wireline Services Group to complete a ground Moving Loop Electromagnetic (MLEM) survey over the prospective komatiitic basement which extends between the Cepline and Emu prospects at Springfield. This work is expected to take place in September.



**Figure 2 Lithostructural Interpretation Showing Peak Nickel results from Historic Drilling and Reprocessed EM anomalies**

### Gigante Grande Prospect

During the reporting period, exploration planning, including interpretation of Geophysics and resource modelling has continued. As a result of this work, the Company has identified additional drill targets over the prospect area. To enable this work to proceed, programs of work applications have been lodged and approved. In parallel, a heritage clearance survey over the northern and southern extents of the Gigante prospect was also carried out.



As a result of the consultative process and field survey it has been established that there are no sacred, ritual, or ceremonial Aboriginal sites within the tenements. In so far as could be established by the Nyalpa Pirniku Group (NPG) survey team there are no known former camping areas, artifact scatters or quarry sites within the tenements.

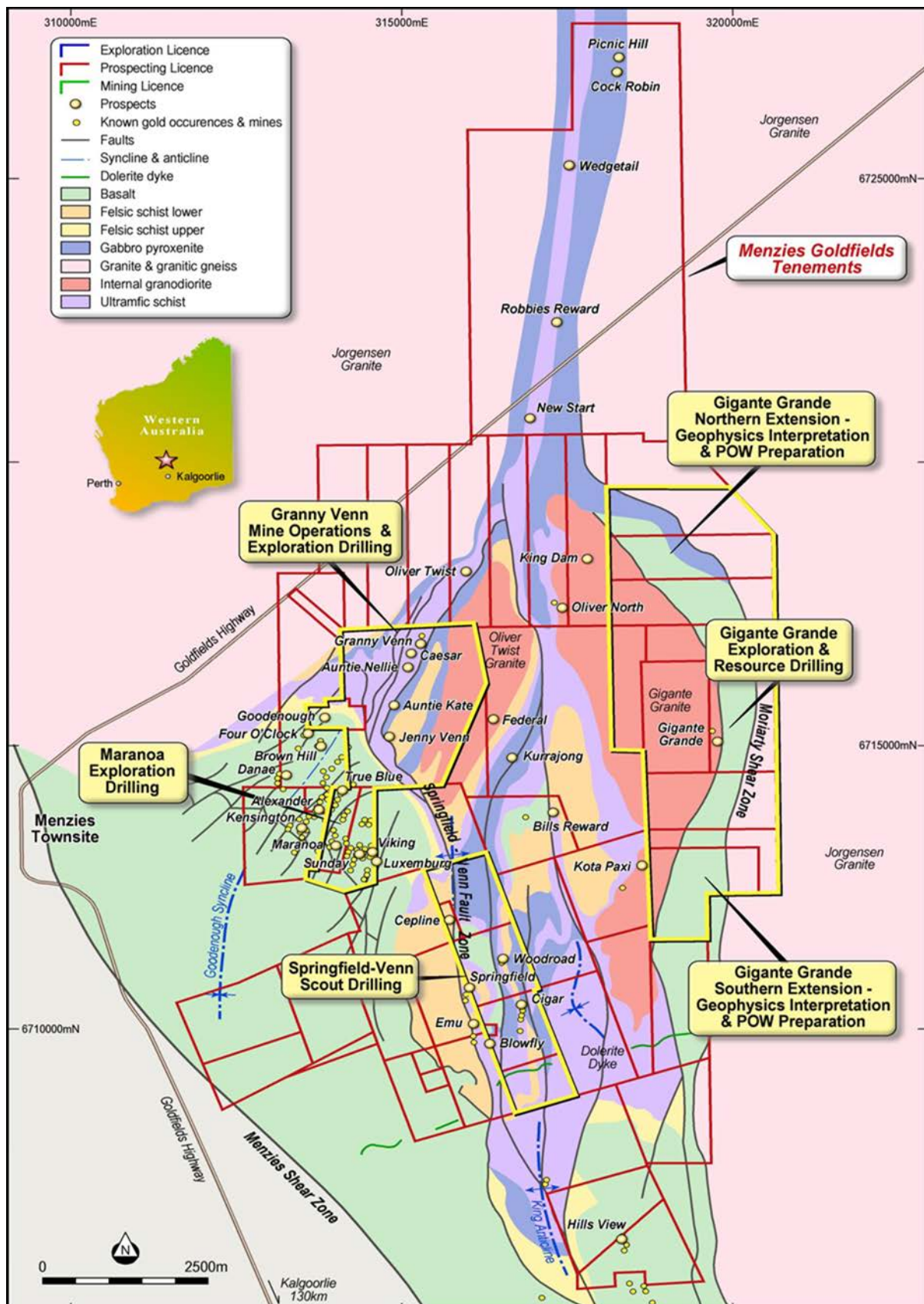


Figure 3 East Menzies Project tenement and Operations Plan-June 2022

## Section 31 Native Title Negotiations

During the quarterly period a committee established between Company and the NPG held a second meeting to discuss terms for a Section 31 Deed as part of the grant process for M29/434 and M29/437. The NPG and REZ are working collaboratively to develop the basis of an agreement, which would be put forward to advance the grant of these 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 (EA) to develop the project. During the quarterly period, the Company has appointed Epic Environmental Consultants to assist with managing EA application process. MEC mining consultants have also been appointed to undertake further mine planning, including preparation of mine closure and rehabilitation plans for inclusion in the EA submission.

Engeny Pty Ltd completed stage 2 of the projects water supply strategy options. This work was the basis for an application to the Queensland Department of Regional Development, Manufacturing and Water (DRDMW) for a water allocation.

Metallurgical investigations are still ongoing, with work focussed on finer grinding and intense leaching of Primary ore to improve recovery. The Company expects that Metallurgical investigations on the Primary ore treatment will be completed by late July 2022.

## Appendix 5B Commentary

REZ ended the quarter with cash of \$3.8 million (\$1.4 million at 31 March 2022).

Receipts of \$3.3 million were banked from the Company's mining activities at the Granny Venn site. Quarterly outgoings on operations were \$376,000 comprised of exploration costs expensed and costs of management and administration. Capitalised costs of \$633,000 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. A 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 183k oz/au and 862k oz/au ag as shown below.

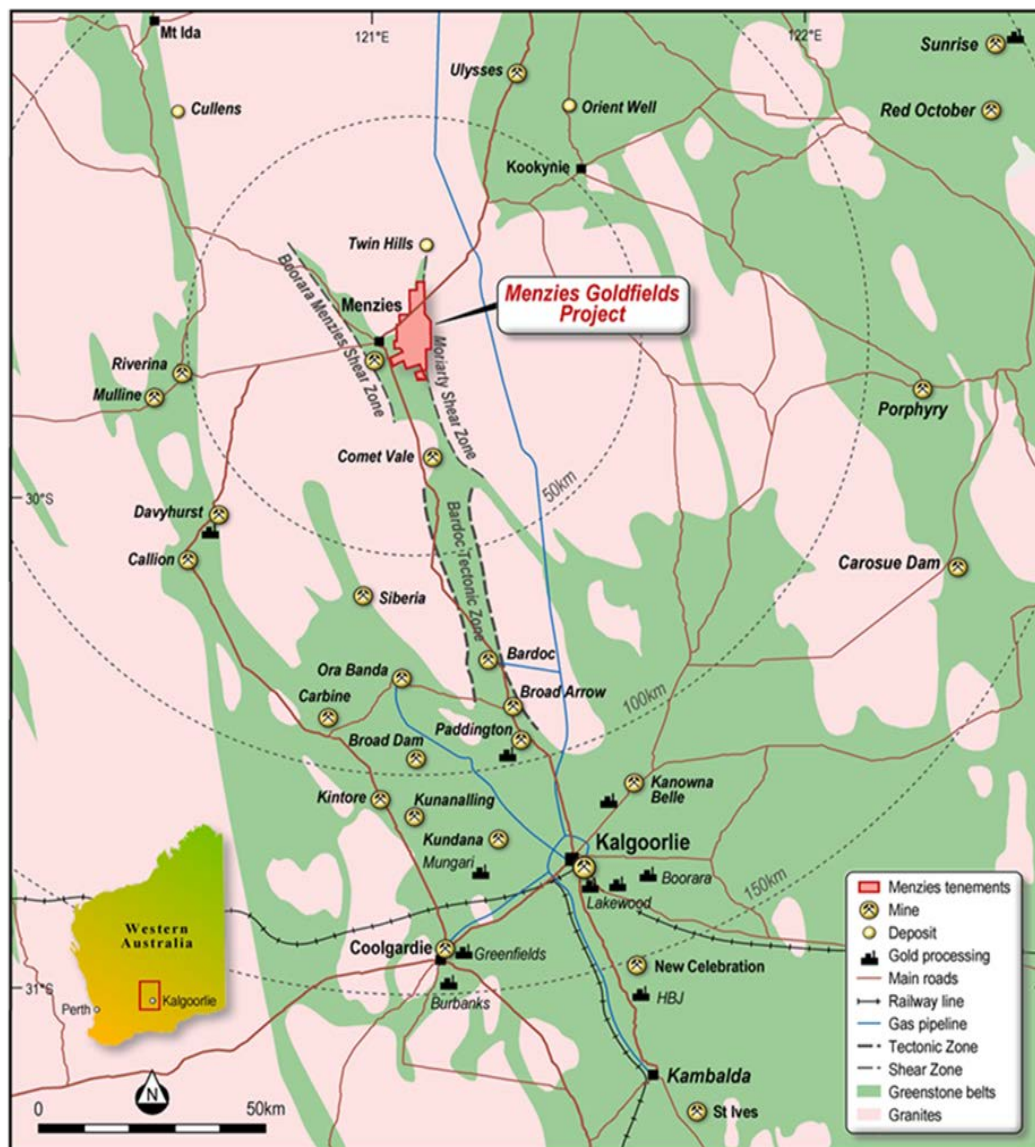
Deposit	Material	Cut-off (gt/Au)	Indicated					Inferred					Indicated and Inferred				
			Tonnes (kt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)	Tonnes (kt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)	Tonnes (kt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
Mount Mackenzie	Oxide	0.35	500	1.09	8	18	136	700	0.96	4	21	87	1200	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	Primary	1	634	1.84		38		82	1.99		5.2		716	2.07		43	
Granny Venn <sup>(1)</sup>	Primary								2.14		2.9		175	2.1		2.9	
Maranoa	Primary	1						46			8	8.05	46	5.7		8	
<b>Total</b>			2334			104	618	1858			79	252	4357			183	862

*Resources and Energy Group Resources <sup>(1)</sup> Depleted for Mining Activity at GVCB*

In Western Australia, the Company's flagship is the East Menzies project (EMP), situated 130km north of Kalgoorlie. The EMP represents a +100km<sup>2</sup> 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 3 and 4.

The EMP currently encompasses five operational areas, including the Gigante Grande Gold prospect on the east side project area, refer to figure 3. 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 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 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.



**Figure 4; East Menzies Gold Project-Regional Location Plan**



## 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:

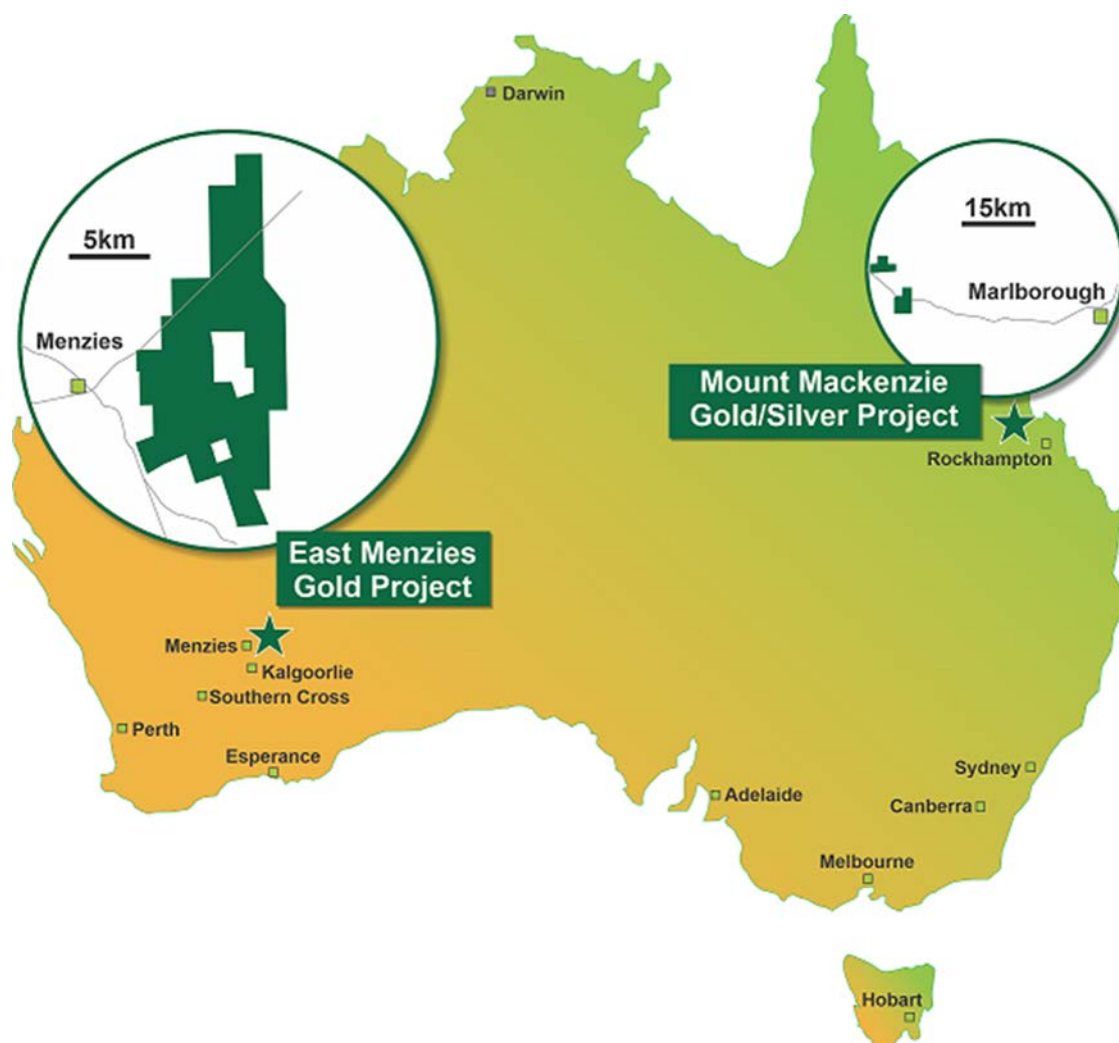
Richard Poole

Director

E: [communications@rezgroup.com.au](mailto: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 &amp; Energy Group Limited

ABN

12 110 005 822

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows		Current quarter (3 months) \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	3,353	3,353
1.2	Payments for		
	(a) exploration & evaluation	(256)	(535)
	(b) development		
	(c) production		
	(d) staff costs	(10)	(132)
	(e) administration and corporate costs	(110)	(460)
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)		
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>2,977</b>	<b>2,226</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(633)	(1,934)
	(e) investments		
	(f) other non-current assets		



<b>Consolidated statement of cash flows</b>		<b>Current quarter (3 months) \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(633)</b>	<b>(1,934)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>2,530</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,495	1,016
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,977	2,226
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(633)	(1,934)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,530

<b>Consolidated statement of cash flows</b>		<b>Current quarter (3 months) \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,839</b>	<b>3,839</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,839	3,839
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,839</b>	<b>3,839</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	-
<i>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.</i>		



<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	2,977
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(633)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	2,344
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,839
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,839
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b> <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>	na
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: Not applicable	
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: Not applicable	
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: Not applicable	
<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: 28 July 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.