

## STANDBY WORKING CAPITAL FACILITY

**Resources & Energy Group Limited** (ASX: REZ) (**REZ** or the **Company**), advises it has put in place funding of \$600,000 for its ongoing working capital requirements. The Company's overall funding arrangements now consist of a total of \$2.1 million, consisting of:

- a \$600,000 standby loan facility (**Facility**) will be provided by directors of REZ. It is proposed that the Facility will be secured, however the granting of the security is subject to approval by REZ shareholders under Listing Rule 10.1 or ASX granting a waiver from Listing Rule 10.1; and
- the previously announced sale of the Company's interest in its Mount Makenzie tenements for \$1.5 million, of which \$750,000 is due for payment by 8 December 2023.

The Facility of \$600,000 is to be provided by entities related to REZ directors Mr Richard Poole and Mr Gavin Rezos (**Lenders**) has a 12-month term with commercial conditions. A summary of the Facility agreements is set out in the Annexure to this announcement.

The Facility will allow REZ to continue its ongoing operations and while seeking additional funding for its planned development program at its East Menzies project. The board of the Company was of the view that, having considered the Company's options, including the availability of equity funding or the provisions of financial accommodation from commercial third-party lenders, the offer made by Lenders was the most commercially beneficial option available to the Company.

Shareholder approval (in accordance with Listing Rule 10.11) will be required for aspects of the arrangement, including:

- the entry into the Facility agreements and the terms that allow the subsequent amounts drawn to be converted into REZ fully paid ordinary shares (**Shares**). The conversion of amounts drawn into Shares is at the election of the Lenders and will be based on the issue price of the most recent equity placement conducted by REZ prior to the conversion (**Placement**), subject to a minimum \$0.01 per Share (**Floor Price**); and
- the issue to the Lenders of 12.5 million options (**Options**) exercisable at 1.2 cents per Share on or before 1 November 2027, as consideration for the provision of the Facility.

In the event that shareholder approval is not received, then the Facility will not be provided and the Company will need to pursue alternative funding arrangements.

In the event that ASX does not grant a waiver from Listing Rule 10.1 or shareholders do not approve the grant of the security to the Lenders, then the security will not be granted and the Facility will be immediately repayable. If an ASX waiver is obtained, the Company will release a further announcement advising the market of the entry into the security and of the terms of the ASX waiver.

REZ continues to seek conduct a placement of its Shares, however the price per Share (**Placement Price**) has not yet been determined. Accordingly, the number of Shares to be issued upon conversion of the Facility cannot be determined. However, the number of Shares to be issued will be calculated by dividing the amount of the Facility drawn by the Placement Price, with the maximum number of Shares to be issued if the Floor Price applies of 60,000,000.

The table below shows the potential number Shares to be issued on conversion of the Facility for a range of Placement Prices. The Company retains an absolute discretion to allocate Shares under any future capital raise including the Placement.

<b>Placement Price Relative to Closing Price 24 October 2023</b>	<b>Placement Price</b>	<b>Total Number of Shares to be Issued if the Facility has been fully drawn (ie \$600,000)</b>
Floor Price	\$0.010	60,000,000
Closing Price 24 October 2023	\$0.015	40,000,000
33% increase	\$0.020	30,000,000

REZ has also taken steps to reduce ongoing expenditure while funding arrangements are finalised for the gold extraction program at East Menzies.

**-Ends-**

Released with the authority of the board.

For further information on the Company and our projects, please visit: [rezgroup.com.au](https://rezgroup.com.au)

## CONTACT

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## ANNEXURE A – FACILITY AGREEMENT SUMMARY

Facility Amount	\$600,000 (including allowance for capitalised interest and costs)
Term	12 months
Interest rate	10% per annum, minimum of 6 months interest on full facility amount. Interest will be capitalised and compounded monthly
Line fee	2%, capitalised on inception of facility
Draw downs	In amounts of no more than \$80,000 per draw, per month.
Drawdown conditions	Lenders must approve the proposed use of funds
Use of funds	General working capital to continue work on gold mining operations
Security	Subject to obtaining any required shareholder approval or waiver from ASX, a first ranking charge over assets of Menzies Goldfield Pty Limited to limit of Facility Amount and capitalised costs.
Conversion	The loan may be converted into shares at the option of the Lenders in the event REZ completes a placement or equity issue, subject to any required shareholder approvals or used as consideration for the exercise of any options. The conversion will be done at the Placement Price. The conversion will be calculated by dividing the drawn amount of the Facility by the last Placement Price, subject to a minimum of \$0.01.
Options	<p>Subject to any required shareholder approval REZ shall issue to Lenders or their nominees 10m options to acquire a fully paid ordinary share exercisable at 1.2c per share on or before 1 November 2027 (Options) and an additional 100 Options (issued on the same terms) for every one dollar drawn over \$50,000.</p> <p>In the event the option issue is not approved within 60 days, the Facility shall be cancelled and REZ shall pay costs of \$50,000 to the Lenders.</p>