

RESOURCES & ENERGY

Resources & Energy Group Limited

ASX/Media Release

8 July 2021

Mining Operations at Granny Venn Commence.

- **Project Management Plan Approved.**
- **Clearing Permit and Water Abstraction Licenses have been approved.**
- **Near Term Production Target of 120kt for 8,800oz identified.**
- **First ore production scheduled for September.**
- **Toll Milling Agreements in place.**

Resources & Energy Group Limited (ASX: REZ or the Company) advise that following approval of the Project Management Plan for Granny Venn, the first drill and blasting operations were carried out on Monday 5th July. A notification of Commencement of Operations will be lodged with DMIRS with first truck haulage out of pit expected on or about 9th July. The mining operations are being directed by BM Mining, who have been mobilizing plant and equipment to site over the past few weeks. The project facilities include crew accommodation, office, mobile workshop and first aid room.



Equipment Hardstand



Haul Road Upgrading



Site Facilities

Background

During March, the Granny Venn Open pit access ramp was rehabilitated, and the mine dewatered to expose the pit floor at completion of operations in 1998. A program of Grade Control Drilling was subsequently carried out. A total of 68 holes were drilled within the footprint and periphery of the Granny Venn Open cut for an advance of 1779m.

In-pit drilling operations focussed on a potential cut-back to exploit an interpreted extension to the main Granny Venn ore body in the north-west and north-east ends of the pit. Drilling in the ramp at the pit-top end of the mine and in the adjacent Aunt Nellie pit was also carried out. The final results of this work were received and released in June ⁽¹⁾.

Mine planning by BM Mining has been updated to incorporate the new results, and a production schedule has been prepared. This schedule has identified a Near Term Production Target of 120kt @ 2.3gt/au for 8,800oz au distributed over 5 areas, refer figure 1. Based on the schedule, first ore production is expected to commence in Early August and the first Milling Campaign is programmed for September. This initial production campaign is scheduled for completion by late December.

The commencement of mine operations at Granny Venn is an important milestone for the company and is a credit to BM Mining who are managing Operations. Since acquiring the East Menzies Gold Project in late 2019, REZ has rapidly moved to assess near term production opportunities, whilst

(1) REZ ASX Release 16 June 2021

continuing to investigate greenfields and brownfields exploration targets with a view to discovering 1m oz plus of gold.

Presently, two areas of investigation are underway at Gigante Grande along the east side of the Project area, which has delivered very encouraging results and Springfield on the west, which we have just opened up, refer figure 2. Work on expanding exploration across the broader project area has also commenced with over 9 walk up targets identified for initial drill investigations, 4 targets for near term resource generation and a further 21 targets for a combination of regional air core, soils geochemistry and geophysical enquiry. The project covers a known goldfield (Menzies) and has a rich history of delivering gold.

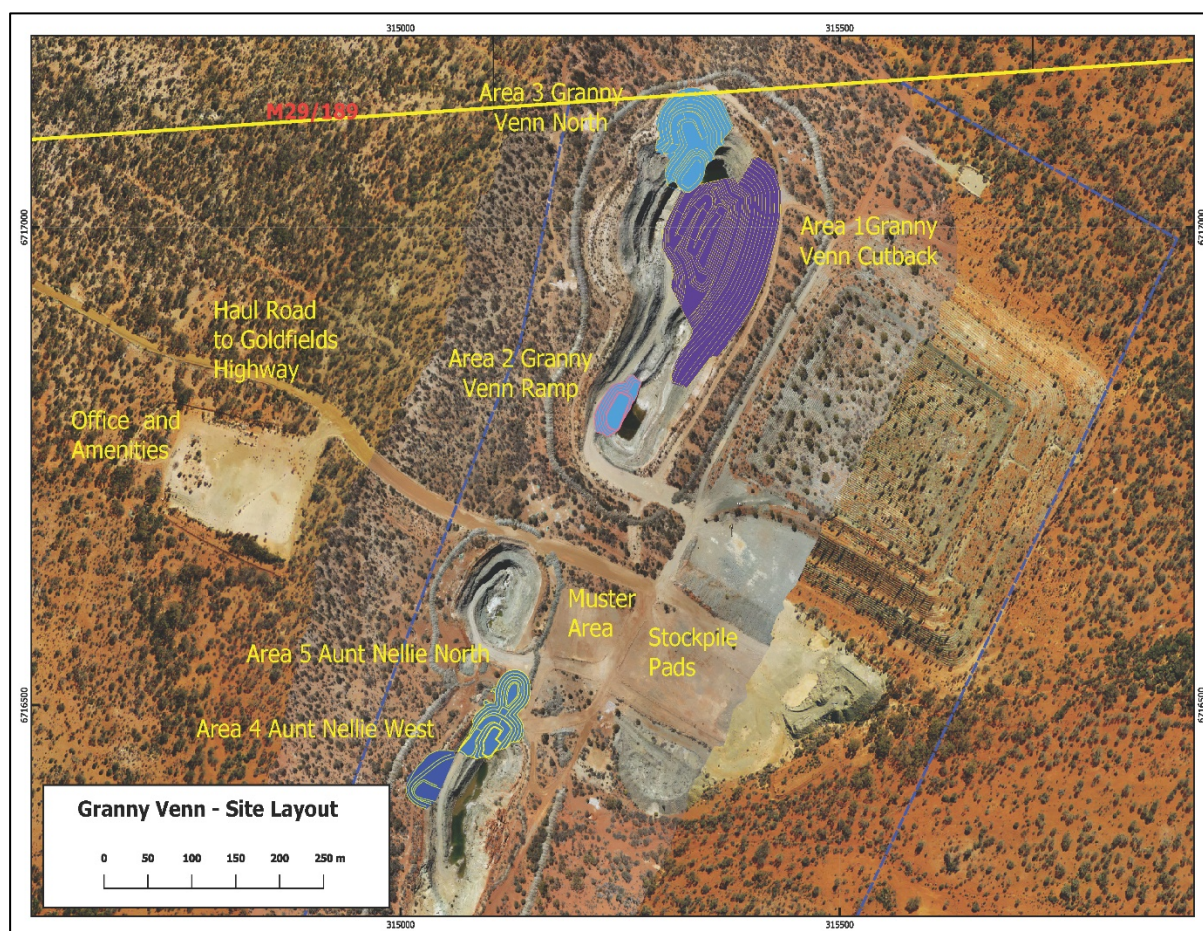


Figure 1 Location Plan showing Proposed Mining Areas and Site Layout

Next Steps

An analysis of historical exploration results around the perimeter of the Granny Venn Pit has also identified several shallow areas for follow up investigation with opportunity to add ounces to the Operation-areas 3,4 and 5 shown on Figure 1. Drill testing these resource areas has commenced.

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. The company is chasing a plus 1m oz gold resource find from its operations in Western Australia and Queensland.

In Western Australia, the company's flagship is the East Menzies Gold project (EMGP), situated 130km north of Kalgoorlie. The EMGP represents a +100km² package of contiguous mining, exploration, and prospecting licenses, which are located within a significant orogenic lode gold province, refer figures 2 and 3. Since acquiring the project REZ has delivered significant exploration success at Gigante Grande, which is located on the east side of the project area.

On the west side of the project area the company is close to production on small scale mine development in Mining Lease M29/189 Granny Venn. And has completed a JORC 2012 MRE for M29/141⁽²⁾-Goodenough which now stands at 37.5k oz indicated and 5.2k oz inferred for a total Indicated and Inferred Mineral Resource Estimate of 42.7k oz of Gold.

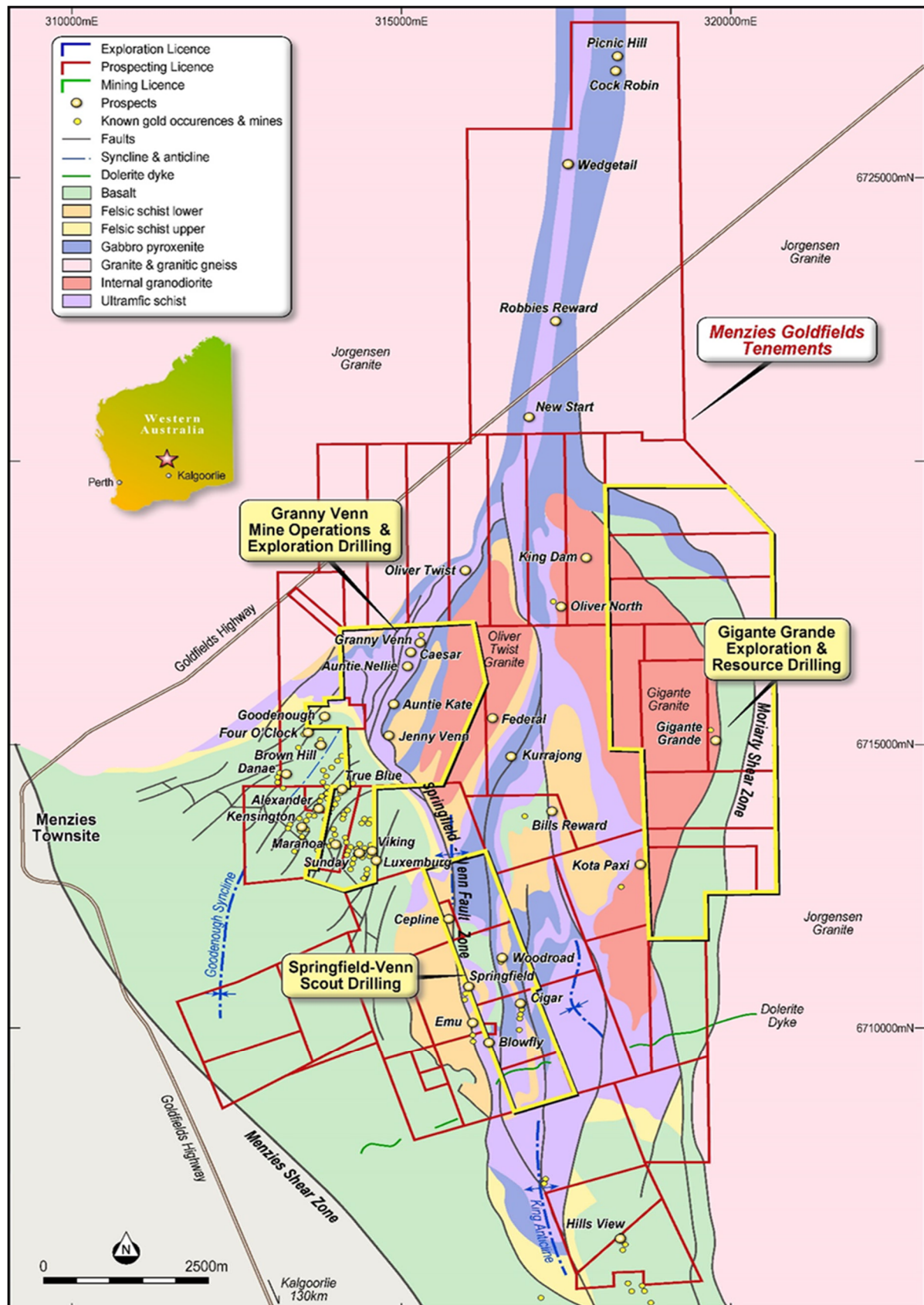


Figure 2 East Menzies Gold Project-Tenement and Operations Location Plan

To the south of M29/141, the company has granted M29/189 Maranoa, and has under application M29/434, which incorporates the historic Viking, Sunday, Birthday Gift and Luxemburg lines of workings.

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. A metallurgical test program is currently underway to investigate processing options for primary mineralisation below the current resource extents. To advance the project to the next level, the company has recently appointed a project manager to oversee completion of Project Feasibility studies, and implementation of a project development plan.

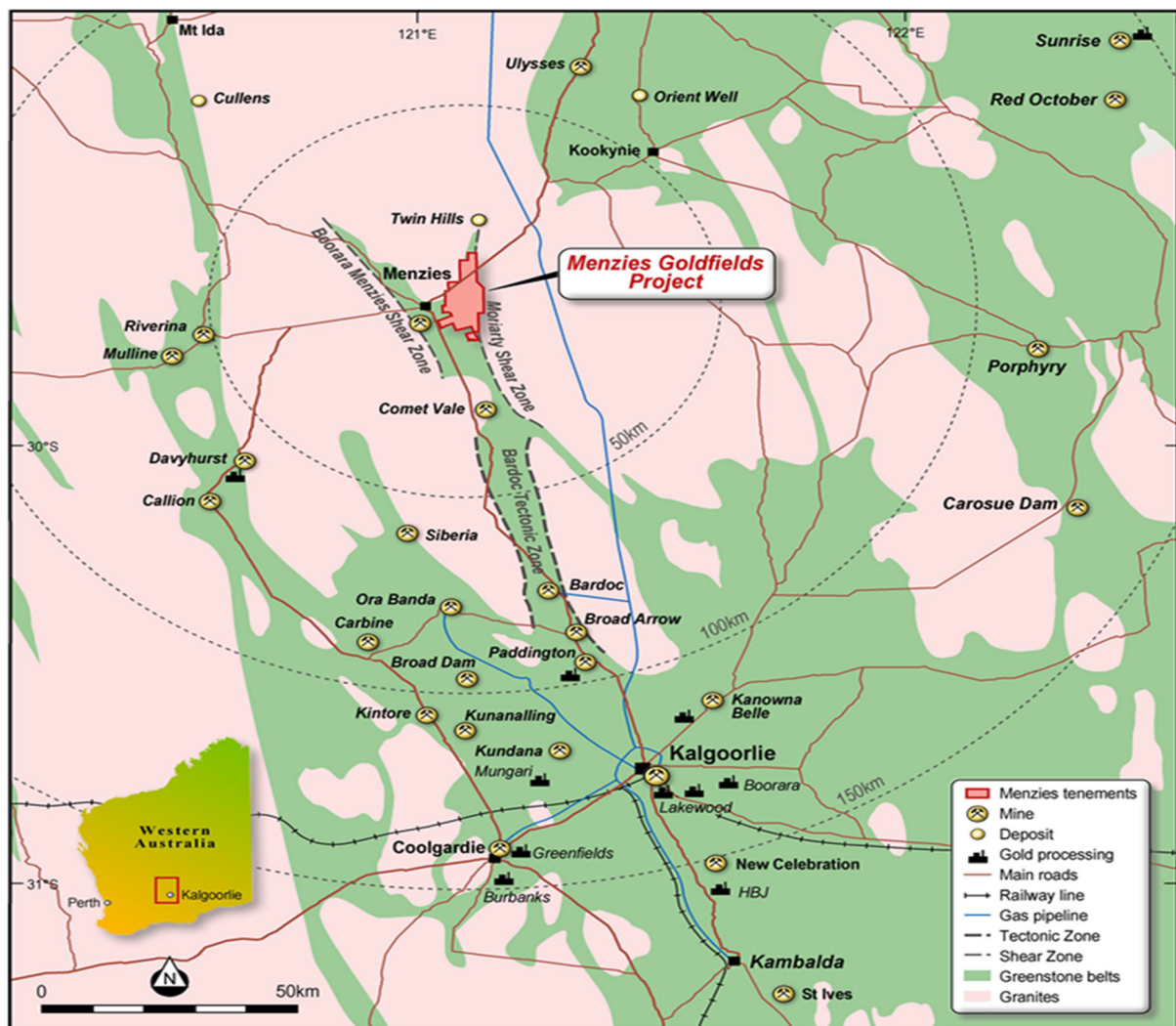


Figure 3 Regional Location Plan

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Approved for Release by the REZ Board