



RESOURCES & ENERGY

Resources & Energy Group Limited

ASX/Media Release

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Gold mining set to recommence at East Menzies

- REZ has entered into a profit-sharing agreement with BM Mining to investigate and exploit economically recoverable remnant resources at the Granny Venn mine in East Menzies.
- Orebody modelling has identified four high priority targets within the footprint of the existing Granny Venn Pit.
- Pit dewatering has been completed and Grade Control Drilling has commenced on the first four target areas.
- Subject to a successful drilling outcome, BM Mining will manage subsequent planning and mining operations with work expected to commence within the next quarter. There are no further up-front costs for REZ.

OVERVIEW

Resources and Energy Group Limited (ASX: REZ) is pleased to provide an update on the East Menzies Gold Project (EMGP) which is located within the Springfield Gold Corridor.

Resource modelling and pit optimisation studies to investigate opportunities for renewed mining operations targeting remnant resources at M29/189 Granny Venn in the Springfield Corridor have now been completed. The work has focussed on a cut-back to exploit a sub vertical extension to the main ore body which is located on the North East side of the Granny Venn Pit.

In parallel, the company has entered into a profit share mining agreement with BM Mining who will further investigate the resource and subject to feasibility, manage mining operations to recover the resource. It is anticipated mining will commence in the next 3 months

BM Mining is part of the BM Geological Services (BMGS) group of companies who have been active in the mining industry in the Goldfields of Western Australia since 2003. The companies head office is in Kalgoorlie WA and they specialise in mineral resource evaluation and the low-cost exploitation of these resources. The parties have also agreed to consider other suitable mining operations in the Springfield Venn corridor at East Menzies.

Background

The original Granny Venn open cut was developed by Money Mining in association with Paddington Gold in 1998-1999. At that time mining was based on a pit design optimised at a gold price of \$454/oz. The optimised pit recovered 532kt of ore which was processed at the Paddington Gold Mill at an overall head grade of 3.52g/t with 94% recovery of contained metal for approximately 60k oz Au.

In July 2020 ⁽¹⁾ REZ commenced investigations directed at the potential for Granny Venn to support small scale mine development options with an emphasis on utilizing existing facilities, approvals and 3rd party mining and processing contractors. As part of this work the company reported an Exploration Target in the range of 200kt@1.9gt/Au for approximately 12,200 oz Au and 300kt@1.4gt for approximately 13,500oz Au.

A key factor in favour of pursuing this approach is that the Granny Venn Project was a successful mining venture. The metallurgical character of the ore processed through Paddington Mill and gold recovery through a conventional CIL process route is also well understood. Following pit completion, a reconciliation to the original Granny Venn resource model was also positive and resulted in additional ore production at or above the modelled grade being achieved.

The July 2020 review also noted that any renewed operations would only require minor modification to an existing mining proposal, with approved fit for purpose infrastructure. This includes a 2.5km long haul road with direct access to a turn-out onto to the Goldfields Highway from the mine site. ROM stockpile pads and hardstands, with cleared levelled areas suitable for administration facilities and HEMM traffic have also been retained on site. An extension to the Granny Venn waste emplacement has also been approved as part of a mining proposal by the former operator in 2017.

In late 2020 Resources and Energy Group completed a survey over the Granny Venn Open Cut and compiled a number of mining records including previous exploration and grade control drilling, mine closure plans and reports, pit survey drawings and resource modelling. These data sources have been used to prepare an updated mineral resource model for remnant ore which exists in the floor of the current excavation, refer figure 1A. This ore was not included in the original Granny Venn Pit design which was optimised at a gold price of \$454/oz in 1998.

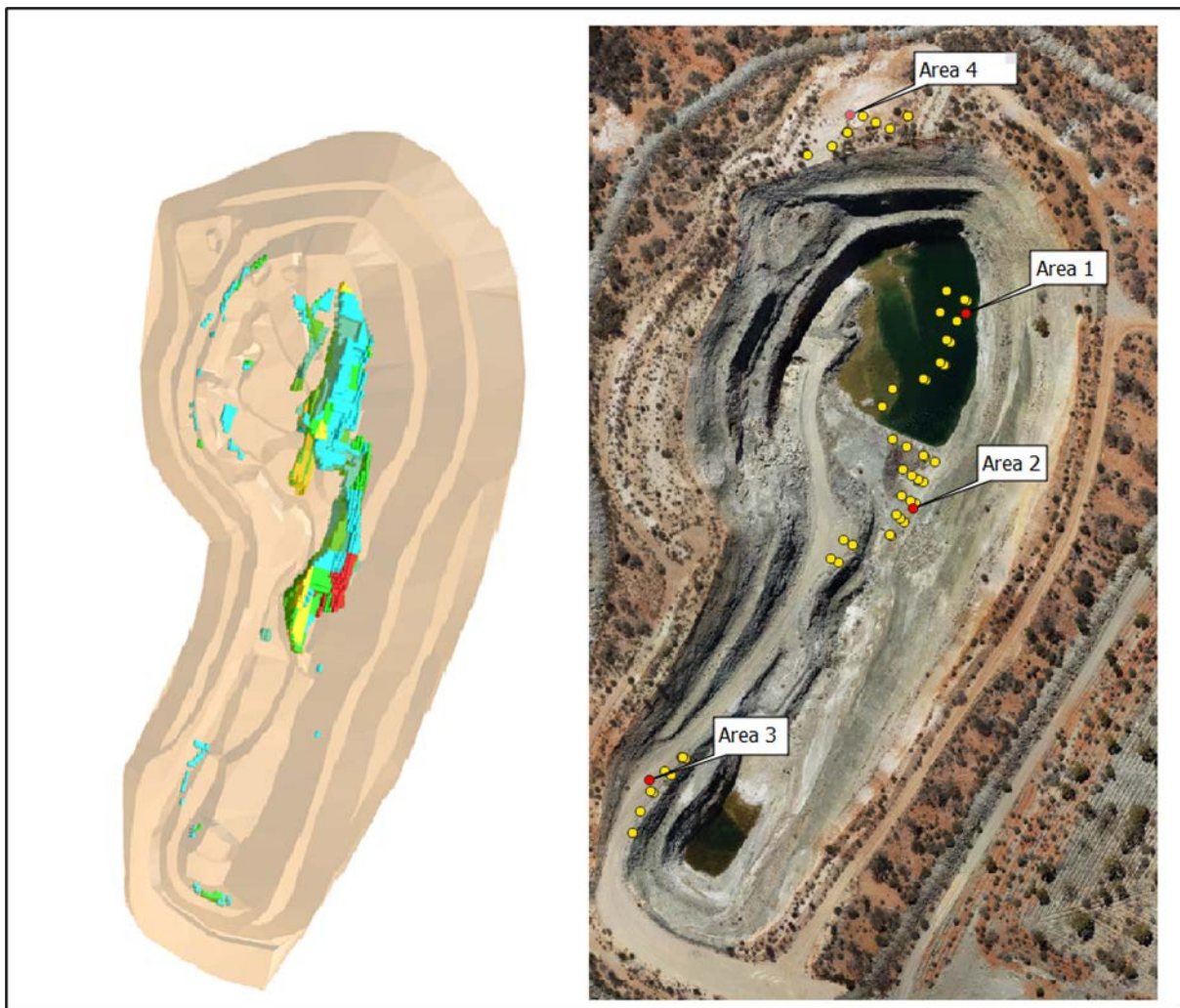


Figure 1A Remnant Resource Blocks

Figure 1B Grade Control Drilling Location

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Recommissioning the Granny Venn Mine

The modelling work has identified four areas within the Granny Venn Pit which present opportunity for renewed mining operations. As a prelude to this, a program of grade control drilling has been designed to drill test these resource areas. Information from the drill program will also be used to assist in developing a mine plan for resource recovery. A total of 58 grade control drillholes are planned for a total advance of about 1600m, the locations of these holes is shown on figure 1B.

Next Steps

Following completion of grade control drilling an updated MRE for Granny Venn will be prepared which will be the basis for mine planning work and budget preparation. Modifications to the existing approved mining proposal will also be prepared and lodged with the regulatory authorities. The company expects to complete the grade control work within the next week. Subject to confirmatory drilling, BM Mining through their extensive Geological experience, combined with industry respected collaborators in Engineering, Geotechnical, Metallurgical and Surveying will manage all facets of the mining, processing, and approvals process.

Recent successful projects which they have been involved include Hawthorn Resources Trouser Legs and Horizon Minerals Boorara open pits. The company were also the owner/operator of the Blackjack laterite pit south of Menzies.

BM Mining have recently acquired a small open pit mining fleet which has positioned them to achieve low cost and efficient production. Following a decision to commence operations this fleet will be mobilised to the GVCB in the coming months.

About Resources and Energy

Resources and Energy Group Limited (ASX: REZ) is an independent, ASX-listed mineral resources explorer, with projects located in key mining jurisdictions in Western Australia and Queensland, figure 2.

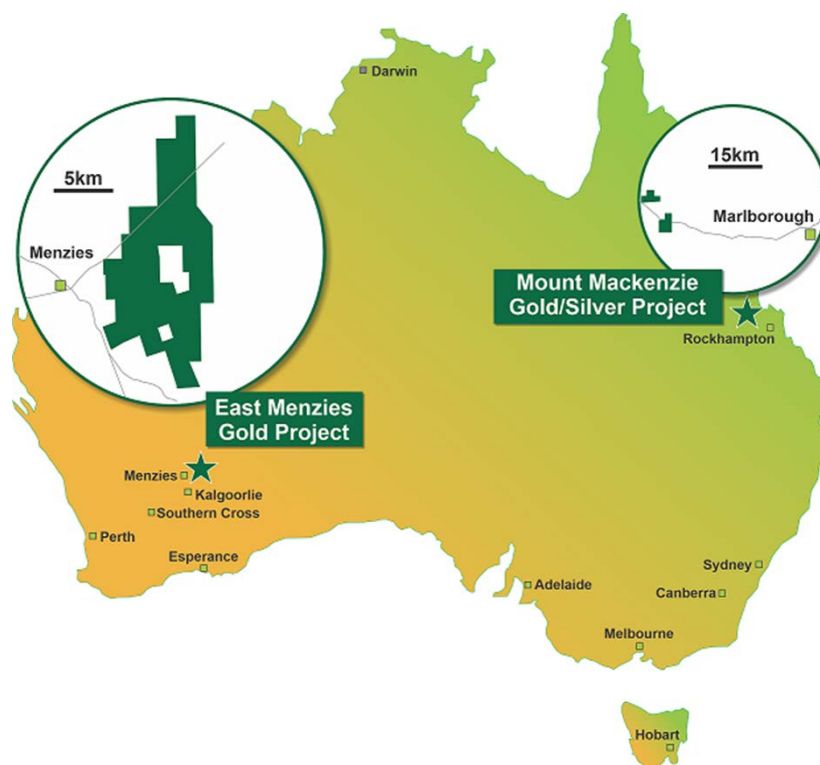


Figure 2

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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.

For resource growth, the company's focus is presently exploring the Gigante Grande prospect located along 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 3.

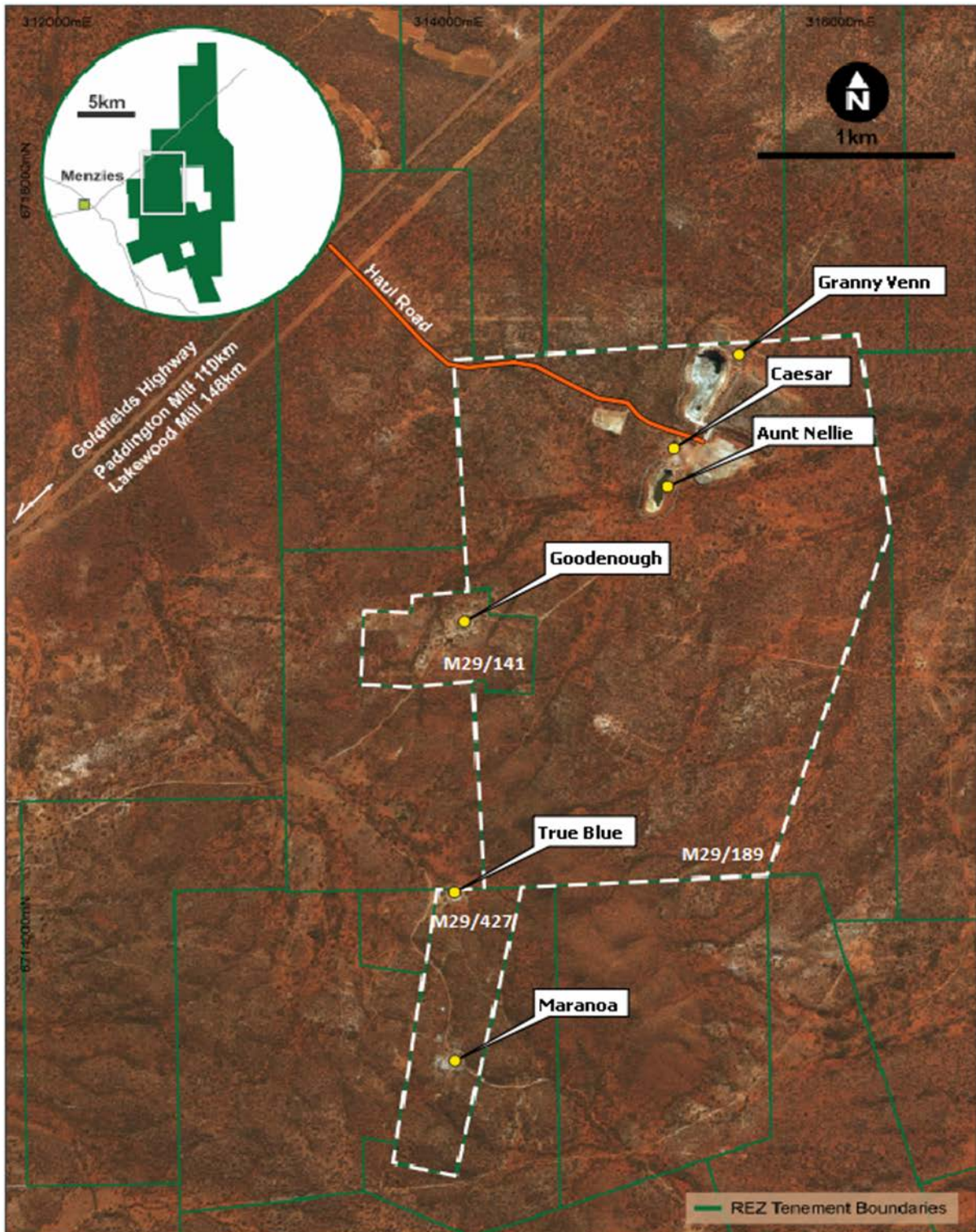
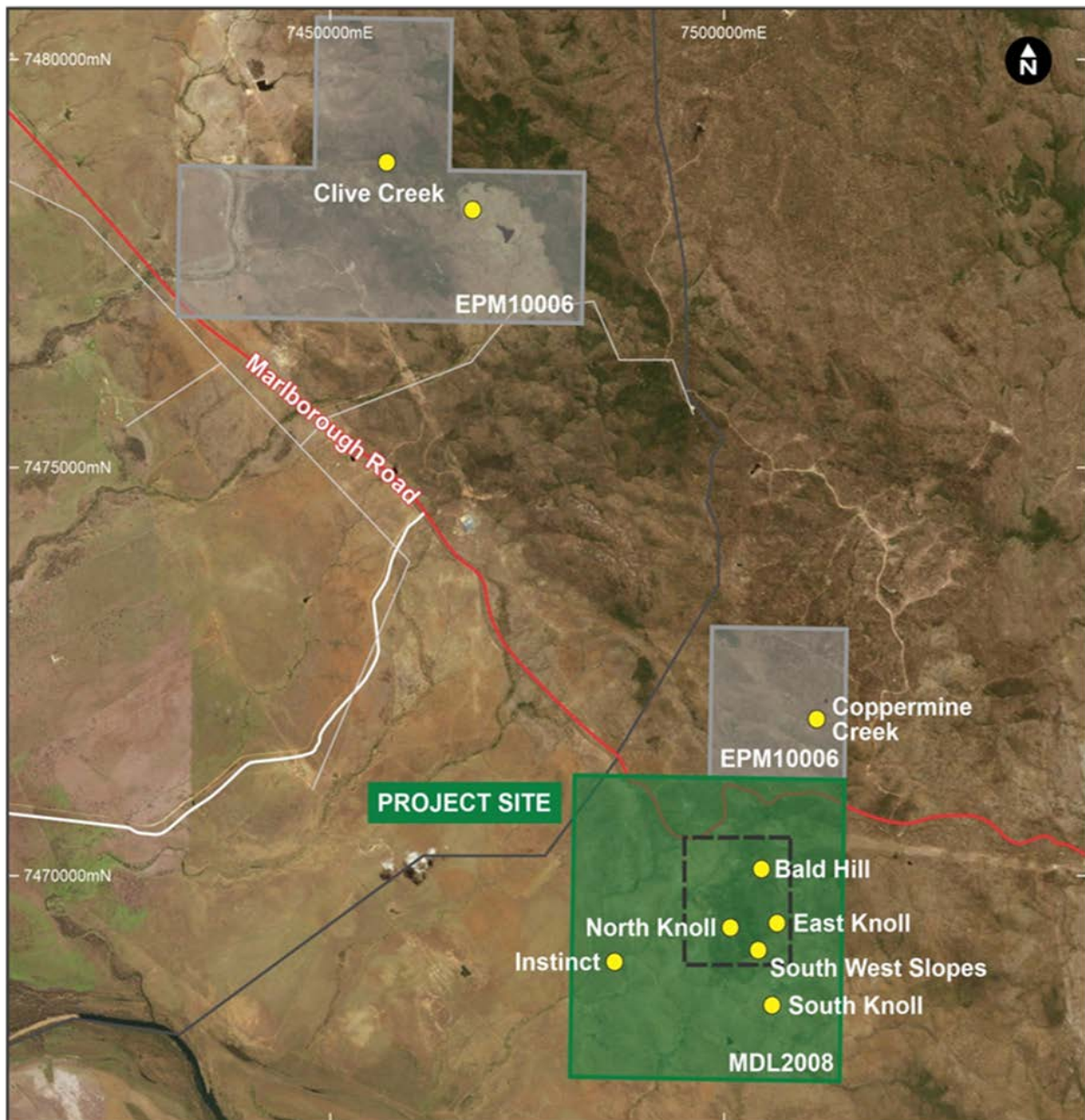


Figure 3

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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 figure 2. 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. The Company is currently implementing a diamond drilling program at Mount Mackenzie to recover cored intervals for comprehensive metallurgical testing, and to investigate Primary Mineralisation below the current drilled extents.



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Approved for Release by Richard Poole, CEO and Managing Director