

27 October 2020

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Resources and Energy Group Limited (REZ)

Diversified Metals and Mining - Gold

SPECULATIVE BUY

REZ A\$0.096

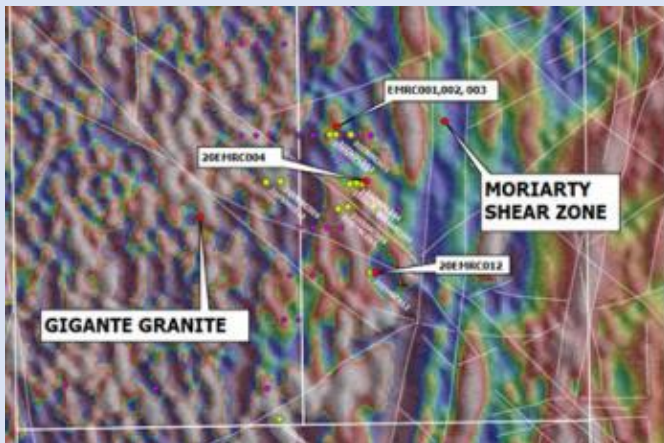
TARGET PRICE A\$0.15

Resources & Energy Group Limited explores for, develops, and produces gold and silver deposits in AUstralia. Its flagship project is the Menzies project that consists of 50 tenements covering an area of 103 square kilometres located in the north of Kalgoorlie, Western AUstralia. The company was incorporated in 2004 and is based in Sydney, AUstralia.

Company Data

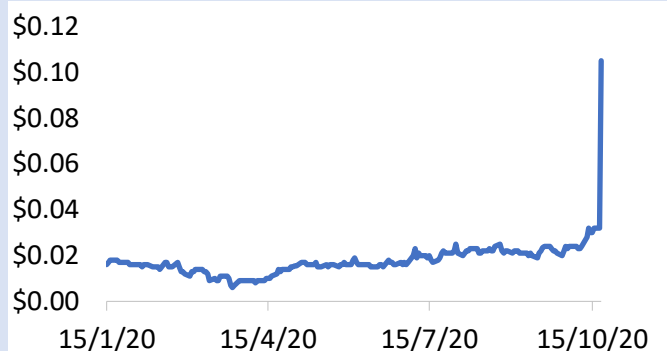
Number of shares (M)	387.7
Market Capitalisation	\$40.7M
Free float (%)	N/A
12-month high/low	\$0.11/\$0.01
Average Daily Turnover (\$m)	0.0354
% S&P/ASX200	0.00%
DDM Ranking	N/A
% All Ordinaries	0.00%
GICS Industry Group	Materials

Source: FactSet, Barclay Pearce Capital



Source: Barclay Pearce Capital

Share price performance



Source: FactSet, Barclay Pearce Capital

High Grade find at Gigante Grande-66m thick zone from 71m with a peak result of 1m @ 76.4g/t AU.

On 20 October 2020 Resources & Energy Group Limited (REZ) announced the discovery of a new high-grade zone of gold mineralisation at Gigante Grande Prospect situated in the 100% owned East Menzies Gold Field Project with the following highlights:

- The initial RC drilling campaign designed to drill test the previously reported 2.5km by 400m AU in regolith gold anomalies, has been completed;
- Results for only five holes of the initial 32-hole drill program have been received and significant intervals of gold mineralisation have been found in two of them; 20EMRC012 and 20EMRC002;
- A peak assay of 1m @ 76.4g/t AU from 134m down the hole has been intersected in 20EMRC012 within a 66m mineralised zone from 71 to 137m down the hole and 20m @ 5.06g/t AU from 116m;
- Mineralisation within 20EMRC012 is not isolated to the high-grade zones, with a continuum of lower tenor results, ranging from 0.1 to 0.6g/t AU occurring throughout;
- When combined with 20EMRAB44 (34m@0.29g/t AU), the thickness of the mineralised package is approximately 100m;
- 20EMRC002, located 490m north-northwest of 20EMRC012, and has intersected a 19m thick gold mineralised interval from 34 to 52m down the hole, with a peak assay of 1m@13g/t AU from 35m, which includes 8m@3.02g/t from 35m;
- This interval is within a broader 24m thick zone of gold mineralisation, from 31m to 55m down the hole, with results ranging from 0.1 to 1.15g/t AU throughout;
- There is potential for this zone continuing further north along the east side of the Project Area, which is bounded by the Moriarty Shear Zone;
- These drilling results give added weight to the prospect that Gigante Grande hosts a very large mineralised gold system; and
- The discovery of high-grade gold mineralisation, below the regolith in the Gigante Grande area, has potential to lead to a new economic gold deposit which is less than 130km North of Kalgoorlie, and more specifically, within the eastern part of the historic Menzies Goldfield.

The Executive Director of REZ Mr Richard Poole commented: "This is an amazing initial drill result @ 76.4g/t AU from our first follow up of RC holes at Gigante Grande. The results support the overwhelming evidence that the East Menzies Gold Field is one of Australia's best and most overlooked exploration target areas. Given its huge historical yield and rich history of gold production and discoveries, with over 400 old workings we are very excited. We are very much looking forward to continuing to explore and develop our 100sqkm containing multiple Prospects at the East Menzies Gold Field."

Investment summary

The Gigante Grande is one of a number of prospects acquired by REZ in late 2018 through its acquisition of Menzies Goldfield Limited, operator of the East Menzies Gold Project. The RC program was designed to drill deeper into the fresh bedrock to test potential for higher grade mineralised systems.

Additional assays are expected over the next 2 weeks. We anticipate that these will continue to deliver strong results at Gigante Grande quickly building on historical resources.

This gives us confidence to initiate on REZ with a 12-month price target of \$0.15 and a SPECULATIVE BUY recommendation.

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Barclay Pearce Capital provides research services to its client. Mr Wright is General Manager of Research and has over twenty (30) years' experience in the financial services industry, particularly in financial analysis and research report writing. Mr Wright joined the Barclay Pearce team in 2020 where he has been involved in the research and publication of reports. Prior to this Mr Wright worked at a number of entities where he held Director/Head of Research and General Manager of Research positions. Mr Wright holds a Bachelor of Mathematics (Honours) from Edinburgh University and has completed the SDIA Accreditation Program (RG146) through DeakinPrime.

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Free Float (float / current shares outstanding) *100 – This float figure is the number of shares that are available to the public and is calculated by subtracting the shares held by insiders and those deemed to be stagnant shareholders. Stagnant holders include ESOP's, ESOT's, QUEST's, employee benefit trusts, founding shareholder equity stake plus senior management equity stake, corporations not actively managing money, venture capital companies and shares held by Governments.

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