

26 October 2016

Market Announcements Office
ASX Limited

ACTIVITIES REPORT & QUARTERLY CASH FLOW QUARTER ENDED 30 SEPTEMBER 2016

During the September 2016 quarter Resources & Energy Group Limited (REZ) continued to evaluate the Mount Mackenzie Project in Central Queensland and the development of the Radio Project located in Western Australia.

Mt Mackenzie Project

During the three month period ended 30 September 2016, exploration planning, including land access preparation and contractor selection has been completed. Drilling contractors have been engaged, and in late September contractors were mobilised to commence the next round of project investigations. The main focus of site activity will include completion of a number of strategically located exploration drill holes. These holes have been designed to test mineralisation beyond the existing resource extents, to obtain additional sample for analytical and metallurgical test-work and to enable definition of pit limits for mine planning and reserves generation purposes. The work program is expected to take 2 months to complete.

In late September the company also engaged CQG Consulting to provide a high level assessment of the Mount Mackenzie project site. The assessment will include advice on environmental study requirements and the planning and approval process for the project. CQG Consulting is a Rockhampton based consulting firm providing planning and development, environmental and engineering services.

Radio Mine Project

The Radio site setup is ongoing with the continued installation of infrastructure to support the proposed dewatering and underground activities at the existing Radio mine. Site earthworks focussed on completion of an embankment to completely enclose the mine area, grading of hardstand areas and access tracks.

Also undertaken was the preparation of the immediate areas surrounding the mine openings to allow for safe access, including a vertical shaft collar to support headframe installation. A site office was installed with 3G communications and security system to support a mine-based office and administrative functions.

Regulatory approvals are well underway with the Department of Mines and Petroleum. Site operation licences were issued during the period from the Department of Water (5C Dewatering Licence) and the Department of Environmental Regulation (Licence to Operate).

A mobile headframe and winder setup was relocated to site and emplaced over the shaft collar in anticipation of the required operational approvals. This equipment is critical for shaft rehabilitation, lowering of pumping equipment and personnel movement during the dewatering and geological assessment phases.



Unloading headframe at the Radio shaft collar



Radio Mine site area looking south

To assess the potential for future activity outside of the existing mine shaft, a program of works has been submitted for regulatory approval for a modest exploratory drilling campaign. These will be undertaken at the Radio Repeater & Radio Deeps prospects, that have historical high-grade gold intercepts and which are located a short distance from the existing Radio mine (all on mining tenement M77/633).

REZ remains focussed on a methodical, low capital approach to commencing gold recovery and ongoing assessment of the historical Radio Mine, with a view to establishing a high-grade gold mining operation

Other

REZ also continues to investigate other opportunities, with a focus on projects with potential for early reserves identification, development and cash flow.

Since 30 September 2016, a further draw down of \$557,000 from the \$2.2 million Project Development Notes facility (PDN) has been made, which has brought the drawn balance to \$1.1 million. The PDN was put in place to provide capital for further exploration and development work of REZ's tenements.

Tenement Schedule

State	Project	Number	Status	REZ beneficial ownership	Expiry
Queensland	Mt Mackenzie	EPM10006	Live	100%	28/03/2018
	Mt Mackenzie	EPM12546	Live	100%	28/01/2018
	Mt Mackenzie	EMP17515	Live	100%	14/05/2016
Western Australia	Radio	ML77/633	Live	100%	24/08/2036
South Australia	Deep Energy	GEL486	Being relinquished	54%	

For further information please contact:

Mr Richard Poole
Chief Executive Officer
E: rjpoole@rezgroup.com.au
Ph: 02 92278900

About Resources & Energy

Resources & Energy Group Limited (ASX: REZ) is an independent, ASX-listed gold explorer, holding mining leases in Western Australia and Queensland. REZ aims to develop a portfolio of mining tenements through to production.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Resources & Energy Group Limited

ABN

12 110 005 822

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter (3 months) \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(92)	(92)
(b) development	(628)	(628)
(c) production	-	-
(d) administration	(105)	(105)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(17)	(17)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(842)	(842)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Cash acquired from purchase of subsidiary)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(842)	(842)

		Current quarter (3 months) \$A'000	Year to date (3 months) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(842)	(842)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – costs of equity	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	842	842
1.20	Cash at beginning of quarter/year to date	927	927
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	85	85

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	190
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Accrued Directors Fees, Accrued Rent, Corporate advisory and Accounting fees from current and prior periods

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities – Project Development Note	2,228	557
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	300
4.2	Development	500
4.3	Production	-
4.4	Administration	150
Total		950

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	85	927
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		85	927

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	95,682,306	80,682,306		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	<u>Class & number</u> Class A 2,000,000 Class B 2,000,000 Class C 1,000,000 Class D 1,000,000 Class E 18,566,000 Class F 5,000,000 Class G 2,500,000		<u>Exercise Price</u> \$0.05 \$0.05 \$0.06 \$0.12 \$0.12 \$0.12 \$0.12	<u>Expiry Date</u> 31/12/2017 31/12/2018 31/12/2018 31/12/2019 31/3/2021 31/3/2021 31/3/2021
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Print name: Warren Kember
(Company Secretary)

Date: 26 October 2016

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==