
RESOURCES & ENERGY GROUP LIMITED

ACN 110 005 822

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00AM (AEST)
DATE: Wednesday, 17 April 2019
PLACE: The Offices of Arthur Phillip Pty Ltd
Level 33
52 Martin Place
Sydney, New South Wales

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 11:00AM (AEST) on Monday 15 April 2019.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – PLACEMENT OF SHARES - CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 100,000,000 Shares to raise up to \$5,000,000, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – APPROVAL TO CONVERT DEBT OWING TO RELATED PARTIES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 15,000,000 Shares to Fontelina Pty Ltd <AAP Trust> (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion – ASX Listing Rules: The Company will disregard any votes cast in favour of the Resolution by or on behalf of the Poole Parties or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – ISSUE OF SETTLEMENT SHARES TO UNRELATED PARTIES ON CONVERSION OF PROJECT DEVELOPMENT NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 9,480,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion – ASX Listing Rules: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for

a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF SETTLEMENT SHARES TO A RELATED PARTY ON CONVERSION OF PROJECT DEVELOPMENT NOTES - FONTELINA PTY LTD

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 15,000,000 Shares to Fontelina Pty Ltd <AAP Trust> (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion – ASX Listing Rules: The Company will disregard any votes cast in favour of the Resolution by or on behalf of the Poole Parties or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF SETTLEMENT SHARES TO A RELATED PARTY ON CONVERSION OF PROJECT DEVELOPMENT NOTES – VANTAGE HOUSE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 10,000,000 Shares to Vantage House (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion – ASX Listing Rules: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Vantage House (or its nominees) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 15 March 2019

By order of the Board

**Warren Kember
Company Secretary**

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 2 9227 8900.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO THE RESOLUTIONS

1.1 General Background

As announced on 30 December 2018, the Company acquired a 100% interest in the Menzies Project, a gold project located in Western Australia (**Acquisition**).

In conjunction with the Acquisition, the Company proposed to:

- (a) conduct a capital raising to raise up to \$5,000,000 through the issue of Shares; and
- (b) reduce its debt by offering:
 - (i) Fontelina Pty Ltd <AAP Trust> (**Fontelina**), the holder of \$750,000 of debt, the opportunity to completely or partially convert the debt to Shares; and
 - (ii) holders of project development notes (**Project Development Notes**) (**PDN Noteholders**) the opportunity to completely or partially redeem their Project Development Notes for Shares.

The Company previously obtained Shareholder approval for the issue of Shares under each of the Resolutions set out in this Notice at Shareholder meetings held on 12 December 2018 and 21 December 2018, but, due to factors outside the Company's control, was unable to complete the Capital Raising, PDN Conversion and Debt Conversion within the time periods prescribed by the ASX Listing Rules. Accordingly, the Company is currently seeking a fresh Shareholder approval for the issue of the Shares the subject of this Notice. The Company confirms this Notice **does not include any additional approvals** but simply re-approval of resolutions previously approved by Shareholders in December.

1.2 Capital Raising

As previously announced, the Company proposes to conduct a capital raising through the issue of up to 100,000,000 Shares to raise up to \$5,000,000 (**Capital Raising**). The Capital Raising will be conducted by way of a placement to sophisticated and professional investors.

The Company intends to use the funds raised from the Capital Raising as set out in the table below:

	(\$)	(%)
Investigation and exploratory drilling of the Company's mining leases located at Mount Mackenzie in central Queensland.	\$800,000	16%
Exploratory drilling and evaluation of the Company's mining leases located at Radio Gold in Western Australia.	\$600,000	12%
Cash consideration for the Acquisition	\$480,000	9.6%
Exploration and development activities at the Menzies Project, Mount Mackenzie and Radio Gold, subject to initial results.	\$1,920,000	38.4%
General working capital and creditors.	\$1,200,000	24%
Total	\$5,000,000	100%

* The allocation of funds between the Menzies Project, Mount Mackenzie and Radio Gold for further exploration work will be determined following the findings from the initial exploration activities.

The above tables include statements of present intentions as at the date of this Notice. As with any budget, intervening events and new circumstances (including results of exploration activities) have the potential to affect the manner in which the funds are ultimately applied.

Resolution 1 seeks Shareholder approval, for the purposes of ASX Listing Rule 7.1, for the issue of up to 100,000,000 Shares to participants in the Capital Raising.

1.3 Debt Conversion

The Company has agreed, subject to obtaining Shareholder approval, to issue up to 15,000,000 Settlement Shares to Fontelina (or its nominee) in consideration for the complete or partial redemption and cancellation of debt to the value of \$750,000 (**Debt**) (**Debt Conversion**).

The Debt comprises of cash advances that were provided to the Company by Fontelina and its associated entities for working capital purposes. The Debt is interest free and unsecured.

Resolution 2 seeks Shareholder approval, for the purposes of ASX Listing Rule 10.11, for the issue of up to 15,000,000 Shares to Fontelina (or its nominee) in consideration for the Debt Conversion.

1.4 PDN Conversion

As announced on 22 April 2016, 2 December 2016 and 29 September 2017, the Company has issued Project Development Notes to the value of \$4,768,000 to the PDN Noteholders to raise funds to facilitate the continuing development of the Radio Gold project and the exploration of the Mt Mackenzie prospect. The Project Development Notes were issued together with free attaching Options (**Noteholder Options**).

The Company is intending to reduce its debt and accordingly has offered the PDN Noteholders the opportunity to completely or partially redeem and convert their Project Development Notes through:

- (a) the issue of Shares in the capital of the Company (**Settlement Shares**) at a conversion price of \$0.05 per Settlement Share;
- (b) the pro rata cancellation of unexercised Noteholder Options; and
- (c) the payment of all accrued interest owing in respect of the redeemed portion of the Project Development Notes within 24 months of the date of issue of the Settlement Shares, at which point there will be no obligations of the Company regarding the redeemed portion of the Project Development Notes

(the **PDN Conversion**).

The Company confirms it obtained Shareholder approval, for the purposes of ASX Listing Rule 6.23.2, for the cancellation of the Noteholder Options at the Shareholder meeting held on 21 December 2018 accordingly no additional approval for the cancellation of Noteholder Options is being sought.

Unrelated PDN Noteholders currently hold Project Development Notes to the value of \$3,518,000 and 26,292,857 Noteholder Options. One unrelated PDN Noteholder, Gaffwick Pty Limited (**Gaffwick**), holds Project Development Notes to the value of \$3,044,000. Shareholder approval pursuant to Item 7 Section 611 of the Corporations Act was obtained for the issue of up to 60,880,000 Settlement Shares to Gaffwick at the Shareholders meeting on 21 December 2019. Accordingly, this issue falls within Exception 16 to ASX Listing Rule 7.1 and the previous approval is still valid.

Accordingly, Resolution 3 seeks Shareholder approval, for the purposes of ASX Listing Rule 7.1, for the issue of up to 9,480,000 Shares to the remaining unrelated PDN Noteholders (or their nominee) in consideration for the complete or partial redemption and conversion of their Project Development Notes (to the value of \$474,000).

Fontelina, a related party of the Company by virtue of being controlled by Director Richard Poole, holds Project Development Notes to the value of \$750,000 (**Fontelina PDNs**) and 6,250,000 Noteholder Options. The Company has agreed, subject to obtaining Shareholder approval, to issue up to 15,000,000 Settlement Shares to Fontelina (or its nominee) in consideration for the complete or partial redemption of the Fontelina PDNs. This approval is being sought under Resolution 4 of this Notice.

Vantage House Limited (**Vantage House**), a related party of the Company by virtue of being controlled by a son of Director Gavin Rezos, holds Project Development Notes to the value of \$500,000 (**Vantage House PDNs**) and 4,166,667 Noteholder Options. The Company has agreed, subject to obtaining Shareholder approval, to issue up to 10,000,000 Settlement Shares to Vantage House (or its nominee) in consideration for the complete or partial redemption of the Vantage House PDNs. This approval is being sought under Resolution 5 of this Notice.

1.5 Increase in Voting Power

Director, Richard Poole, through his associated entities, currently has a relevant interest in 37,987,302 Shares, representing a voting power of 30.87%. As disclosed in the notice of meeting released on 22 November 2018, the issue of the Conversion Shares and Settlement Shares pursuant to Resolutions 2 and 4 may result in the voting power of Richard Poole and his associated entities increasing above 30.87%. We note that an increase will only occur in the unlikely outcome

that the Capital Raising does not proceed, the Company issues the full number of Shares pursuant to Resolutions 2 and 4, but no other Shares are issued under this Notice or for any other purposes.

The Company obtained Shareholder approval pursuant to section 611 item 7 of the Corporation Act to permit the voting power of Richard Poole and his associated entities to increase to more than 20% at the Shareholder meeting held on 21 December 2018. The circumstances and the issued capital of the Company have not changed since the date of this meeting.

Further details of the control implications are included in the notice of meeting released on 22 November 2018, and the accompanying Independent Expert Report.

2. RESOLUTION 1 – PLACEMENT OF SHARES - CAPITAL RAISING

2.1 General

Resolution 1 seeks Shareholder approval for the issue of up to 100,000,000 Shares, at an issue price of \$0.05 per Share to raise up to \$5,000,000 under the Capital Raising. Further details of the Capital Raising are set out in Section 1.2.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue up to 100,000,000 Shares under the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) the maximum number of Shares to be issued is 100,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively;
- (c) the issue price will be \$0.05 per Share;
- (d) the Shares will be issued to professional, sophisticated and institutional investors. These persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised in accordance with the Section 1.2.

3. RESOLUTION 2 – APPROVAL TO CONVERT DEBT OWING TO RELATED PARTIES

3.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue up to 15,000,000 Shares to Fontelina (or its nominee) in consideration for the Debt Conversion (**Conversion Shares**). A summary of the Debt Conversion is set out in Section 1.3.

Fontelina is a related party of the Company as it is controlled by Richard Poole who is a related party of the Company under section 228(1) of the Corporations Act by virtue of being a Director.

Resolution 2 seeks Shareholder approval for the grant of the Conversion Shares to Fontelina (or its nominee).

3.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Conversion Shares constitutes giving a financial benefit and, as set out in Section 3.1, Fontelina is a related party of the Company by virtue of being controlled by a Director.

The Directors (other than Richard Poole who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Debt Conversion because the agreement to issue the Conversion Shares, was negotiated on an arm's length basis.

As the grant of the Conversion Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

3.3 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 2:

- (a) the Conversion Shares will be granted to Fontelina (or its nominee). Fontelina is a related party of the Company by virtue of being controlled by Director, Richard Poole;
- (b) the maximum number of Conversion Shares to be issued is 15,000,000;

- (c) the Conversion Shares will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Conversion Shares will occur on the same date;
- (d) the Conversion Shares will be issued for nil cash consideration, in satisfaction of the cancellation of the Debt;
- (e) the Conversion Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Conversion Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Conversion Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Settlement Shares to Fontelina (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

4. RESOLUTION 3 – ISSUE OF SETTLEMENT SHARES TO UNRELATED PARTIES ON CONVERSION OF PROJECT DEVELOPMENT NOTES

4.1 General

A summary of the PDN Conversion is set out in Section 1.4.

Resolution 3 seeks Shareholder approval for the issue of up to 9,480,000 Settlement Shares to the unrelated PDN Noteholders, in consideration for the complete or partial redemption and cancellation of Project Development Notes up to the value of \$474,000 and the pro rata cancellation of up to 3,950,000 Noteholder Options. Shareholder approval for the issue of Settlement Shares to Fontelina and Vantage House is sought pursuant to Resolutions 4 and 5.

The issue of the Settlement Shares and the cancellation of the unexercised Noteholder Options will occur simultaneously. The Company obtained Shareholder approval, for the purposes of ASX Listing Rule 6.23.2, for the cancellation of up to 26,292,857 Noteholder Options at the Shareholders meeting held on 21 November 2018.

4.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 2.1 above.

The effect of Resolution 3 will be to allow the Company to issue the Settlement Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the maximum number of Settlement Shares to be issued is 9,480,000;

- (b) the Settlement Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the Settlement Shares will be issued for nil cash consideration in consideration for the complete or partial redemption and cancellation of the Project Development Notes held by unrelated parties;
- (d) the Settlement Shares will be issued to the unrelated PDN Noteholders, each of whom is not a related party of the Company; and
- (e) the Settlement Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue of the Settlement Shares.

5. RESOLUTION 4 – ISSUE OF SETTLEMENT SHARES TO A RELATED PARTY ON CONVERSION OF PROJECT DEVELOPMENT NOTES – FONTELINA PTY LTD

5.1 General

A summary of the PDN Conversion is set out in Section 1.4.

Resolution 4 seeks Shareholder approval for the issue of up to 15,000,000 Settlement Shares to Fontelina (or its nominee), in consideration for the complete or partial redemption and cancellation of the Fontelina PDNs and the pro rata cancellation of up to 6,250,000 Noteholder Options. This will be conducted on the same terms as the conversion of Project Development Notes held by unrelated PDN Noteholders, for which Shareholder approval is sought under Resolution 3.

Fontelina is a related party of the Company as it is controlled by Richard Poole who is a related party of the Company under section 228(1) of the Corporations Act by virtue of being a Director.

The issue of the Settlement Shares and the pro rata cancellation of the unexercised Noteholder Options will occur simultaneously. The Company obtained Shareholder approval, for the purposes of ASX Listing Rule 6.23.2, for the cancellation of up to 26,292,857 Noteholder Options at the Shareholders meeting held on 21 November 2018.

5.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act is set out in Sections 3.2 above.

The grant of the Settlement Shares constitutes giving a financial benefit and, as set out in Section 5.1, Fontelina is a related party of the Company by virtue of being controlled by a Director.

The Directors (other than Richard Poole who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Settlement Shares because the agreement to issue the Settlement Shares, was negotiated on an arm's length basis on the same terms as the agreements with the other PDN Noteholders as set out in Resolution 3.

As the grant of the Settlement Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

5.3 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 4:

- (a) the Settlement Shares will be granted to Fontelina (or its nominee). Fontelina is a related party of the Company by virtue of being controlled by Director, Richard Poole;
- (b) the maximum number of Settlement Shares to be issued is 15,000,000;
- (c) the Settlement Shares will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Settlement Shares will occur on the same date;
- (d) the Settlement Shares will be issued for nil cash consideration in satisfaction of the complete or partial redemption and cancellation of the Fontelina PDNs;
- (e) the Settlement Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Settlement Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Settlement Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Settlement Shares to Fontelina (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTION 5 – ISSUE OF SETTLEMENT SHARES TO A RELATED PARTY ON CONVERSION OF PROJECT DEVELOPMENT NOTES – VANTAGE HOUSE

6.1 General

A summary of the PDN Conversion is set out in Section 1.4.

Resolution 5 seeks Shareholder approval for the issue of up to 10,000,000 Settlement Shares to Vantage House (or its nominee), in consideration for the complete or partial redemption and cancellation of the Vantage House PDNs and the pro rata cancellation of up to 4,166,667 Noteholder Options. This will be conducted on the same terms as the conversion of Project Development Notes held by unrelated PDN Noteholders, for which Shareholder approval is sought under Resolution 3.

Vantage House is a related party of the Company as it is controlled by Bayard Rezos, who is a son of Gavin Rezos, a Director of the Company. Bayard Rezos is a related party of the Company under section 228(3) of the Corporations Act by virtue of being the child of a Director.

As set out in Section 1.4, as part of the PDN Conversion, the Company has agreed to repay the accrued interest owing in respect of the converted Project Development Notes within 24 months of the date of issue of the Settlement Shares (the accrued interest owed to Vantage House as at 31 October 2018 is \$43,288).

The issue of the Settlement Shares and the pro rata cancellation of the unexercised Noteholder Options will occur simultaneously. The Company obtained Shareholder approval, for the purposes of ASX Listing Rule 6.23.2, for the cancellation of up to 26,292,857 Noteholder Options at the Shareholders meeting held on 21 November 2018.

6.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act is set out in Sections 3.2 above.

The grant of the Settlement Shares constitutes giving a financial benefit and, as set out in Section 6.1, Vantage House is a related party of the Company by virtue of being controlled by the child of a Director.

The Directors (other than Gavin Rezos who may be seen to have a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Settlement Shares because the agreement to issue the Settlement Shares, was negotiated on an arm's length basis on the same terms as the agreements with the other PDN Noteholders as set out in Resolution 3.

As the grant of the Settlement Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

6.3 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 5:

- (a) the Settlement Shares will be granted to Vantage House (or its nominee). Vantage House is a related party of the Company by virtue of being controlled by a son of Director, Gavin Rezos;
- (b) the maximum number of Settlement Shares to be issued is 10,000,000;
- (c) the Settlement Shares will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Settlement Shares will occur on the same date;
- (d) the Settlement Shares will be issued for nil cash consideration in satisfaction of the complete or partial redemption and cancellation of the Vantage House PDNs;
- (e) the Settlement Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

(f) no funds will be raised from the issue of the Settlement Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Settlement Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Settlement Shares to Vantage House (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

Acquisition has the meaning given in Section 1.1.

AEST means Australian Eastern Standard Time as observed in Sydney, New South Wales.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising has the meaning given in Section 1.2.

Chair means the chair of the Meeting.

Company means Resources & Energy Group Limited (ACN 110 005 822).

Constitution means the Company's constitution.

Conversion Shares has the meaning given in Section 3.1.

Corporations Act means the *Corporations Act 2001* (Cth).

Debt Conversion has the meaning given in Section 1.3.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Fontelina means Fontelina Pty Ltd (ACN 145 837 547) <AAP Trust>.

General Meeting or **Meeting** means the meeting convened by the Notice.

Noteholder Options has the meaning given in Section 1.4.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

PDN Conversion has the meaning given in Section 1.4.

PDN Noteholder has the meaning given in Section 1.1.

Poole Parties means Richard Poole, Fontelina, Australian Mineral Partners Pty Ltd (ACN 137 293 899) and RIQO Pty Ltd (ACN 153 832 967).

Project Development Notes has the meaning given in Section 1.1.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Settlement Shares has the meaning given in Section 1.4.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

PROXY FORM

RESOURCES & ENERGY GROUP LIMITED
ACN 110 005 822

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held 11:00 AM (AEST), on Wednesday 17 April 2019 at the offices of Arthur Phillip Pty Ltd, Level 33, 52 Martin Place, Sydney, New South Wales and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Placement of Shares - Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to convert debt owing to related parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Settlement Shares to unrelated parties on conversion of Project Development Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Settlement Shares to a related party on conversion of Project Development Notes – Fontelina Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Settlement Shares to a related party on conversion of Project Development Notes – Vantage House	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail

in relation to this Proxy Form: YES NO

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Resources & Energy Group Limited, GPO Box 2537 Sydney NSW 2000; or
 - (b) facsimile to the Company on facsimile number +61 2 9227 8901; or
 - (c) email to the Company at communications@rezgroup.com.au,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.