

## Resources & Energy Group

### Nickel, cobalt and gold focus in Western Australia

Resources & Energy Group Ltd (ASX:REZ) is an exploration company engaged in the development of its flagship East Menzies gold project, 130km north of Kalgoorlie, Western Australia. The company has been operating as a gold, nickel and cobalt exploration and development company since 2015 and currently has gold and silver resources of 183koz gold and 862koz silver. REZ recently announced (17-Oct) that optimisation studies at the Goodenough and Maranoa gold prospects within the East Menzies district had confirmed an opportunity for a low cost, near-term open cut mining operation at Goodenough, which had previously been worked as an underground resource with historic production of ~21,532t at 14.91g/t. The Goodenough deposit has a JORC MRE estimate of 43koz/au at 2.07g/t gold and Maranoa has 8,000oz at 5.7g/t au. The company has also recently executed a non-binding heads-of-agreement to sell the Mount Mackenzie gold-silver project in Queensland for \$1.5m plus a royalty, in order to focus its attention on East Menzies. As at time of writing, the company was in a trading halt, pending a capital raise.

#### Project description

The East Menzies gold project is located 130km north of Kalgoorlie and consists of more than 50 tenements, a mixture of mining leases, mining lease applications, prospecting leases and prospecting lease applications, covering more than 103km<sup>2</sup>. The project hosts a 20km continuous strike of a mineralised Greenstone Belt including the Springfield Venn Gold Corridor, the Granny Venn Cutback and the Goodenough Syncline. In FY22, the company recovered 126kt of ore from the Granny Venn Cutback with a head grade of 2.37g/t gold for 9,532oz recovered, generating \$23m revenue and \$7.5m profit shared 50/50 with the contract miners BMGS. The company is currently focused on the Springfield nickel project where it has identified a large, shallow nickel deposit with prospects for open cut and the Goodenough Gold Project where an optimised pit shell indicates up to 179kt of ore at 1.71g/t for 9,800 oz gold.

#### Scoping study in play, trial vat leach work planned

REZ has announced it has commenced a scoping study including mine design, production schedules and waste dump design at Goodenough and is planning a trial vat leach processing programme for shallow gold resources at its Maranoa project, 1.5km south of Goodenough. The company has approval to recover bulk samples from the Maranoa lode with samples despatched for testing. Success in the trials could provide an opportunity for the company to transition to a larger 50ktpa production programme with feed coming from both Maranoa and Goodenough, although further work will need to be completed on leach kinetics and optimum grind size.

#### Well positioned for global nickel/cobalt demand, gold price strength

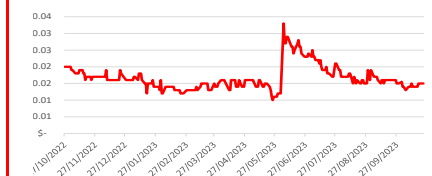
Gold has been a top performing asset in 2023, increasing 5.4% in USD terms in the first half of the year, driven by interest rate rises and central bank demand. Recent geopolitical instability has further heightened investor demand. The World Gold Council's mid-year outlook pointed to further potential upside to the gold price, particularly with central banks moving from tightening to on-hold interest rate policies. Base metal demand is forecast to continue over the next five years with industry forecasts for a CAGR of 4% to 2027. However, recent slower global activity could serve to dampen demand in the near term, with recent gains in most green metals driven more by a weaker USD than supply needs. Reuters reported on October 24 that cash contracts in most base metals on the London Metal Exchange were trading at a premium to corresponding three-month contracts.

#### Share Details

ASX code	REZ
Share price (24-Oct)*	\$0.015
Market capitalisation	\$7.5M
Number of shares	499.8M
Options/performance rights	63M
Net cash at 30-Jun-2023	\$0.7M

\*in trading halt at 25 Oct open

#### Share Price Performance (12 months)



#### Upside Case

- Better than expected outcome from nickel-cobalt sulphide targets at East Menzies
- Opportunity to leverage nearby significant existing infrastructure
- Gold and other commodity prices continue to rise

#### Downside Case

- Mount Mackenzie sale falls through
- Potential dilution from additional capital raises
- Drill programme fails to extend resource estimate

#### Catalysts

- Completion of scoping study
- Outcome of trial vat leach work programme
- Decision to begin mine production at Goodenough

#### Comparative Companies (Australia & NZ)

AGC, CBY, FG1, KAL,

#### Company Contact

J. Daniel Moore (CEO) +61 2 9227 8900  
communications@rezgroup.com.au

#### RaaS Contacts

Andrew Williams +61 417 880 680  
andrew.williams@raasgroup.com

Finola Burke +61 414 354 712  
finola.burke@raasgroup.com

# FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6<sup>th</sup> May 2021

### About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- **who we are**
- **our services**
- **how we transact with you**
- **how we are paid, and**
- **complaint processes**

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: [finola.burke@raasgroup.com](mailto:finola.burke@raasgroup.com)

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

**What Financial Services are we authorised to provide?** RaaS is authorised to

- **provide general advice to retail and wholesale clients in relation to**
  - **Securities**
- **deal on behalf of retail and wholesale clients in relation to**
  - **Securities**

The distribution of this FSG by RaaS is authorized by BR.

### Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

### Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

### How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

### Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

### Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au); Email: [info@afca.org.au](mailto:info@afca.org.au); Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

### Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

#### DISCLAIMERS and DISCLOSURES

This report has been prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2023 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.