APPENDIX 4D

HALF YEAR REPORT TO THE AUSTRALIAN STOCK EXCHANGE

Name of Entity	Resources & Energy Group Limited
ABN	12 110 005 822
Half year ended	31 December 2013
Previous corresponding period	31 December 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$
Revenue from Continuing operations	Down	64.5%	To	9,970
Net loss for the period attributable to members	Up	85.2%	To	436,049

Dividends Paid and Proposed

No interim dividend was paid and it is not proposed to pay any dividends.

Explanation of operating result

The loss of the Group has resulted from the following:

(a). Interest income decreased to $9,970 which was due to the decrease in the average cash balances in the current half-year period;

(b). Impairment expenses of $434,373 was due to the rationalizing of certain geothermal licences.

Net Tangible Assets per Security

	31 December 2013 cents/share	31 December 2012 cents/share
Net tangible assets per ordinary security	0.83	0.92

Other matters

There have been no entities over which control has been gained or lost during the period.

There are no associates or joint ventures included within the accounts of Resources & Energy Group Limited.

Review opinion

The financial statements have been reviewed and emphasis of matter paragraphs have been included in the Independent Review Report with respect to the following matters:

(a) material uncertainty in relation to the impairment of Exploration and Evaluation Assets

(b) material uncertainty with respect to the going concern assumptions as outlined in Note 1 and the review opinion attached.

RESOURCES & ENERGY GROUP LIMITED

ABN 12 110 005 822

HALF YEAR REPORT

31 DECEMBER 2013

This Interim Financial Report should be read in conjunction with the company's annual report for the year ended 30 June 2013.

RESOURCES & ENERGY GROUP LIMITED
CORPORATE DIRECTORY

Directors
Richard Poole (Chairman)
Virginia Bruce
Michael Hogg

Secretary
Cindy Louie

Registered Office
Level 33 Colonial Centre
52 Martin Place
SYDNEY NSW 2000

Telephone + (612) 9227 8900
Facsimile + (612) 9287 8901

Share Registry
Boardroom Pty Limited
Level 7, 207 Kent St,
SYDNEY NSW 2000

Auditor
Prosperity Audit Services
Level 1
130 Elizabeth Street
Sydney NSW 2000

Stock Exchange
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

ASX Code
REZ (fully paid ordinary shares)

The directors of Resources & Energy Group Limited submit herewith the financial report for the half year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Group during or since the end of the half year and up to the date of this report are:

Mr RJ Poole
Ms V Bruce
Mr M Hogg

The Directors have been in office since the start of the period to the date of this report unless otherwise stated.

Review of Operations

During the current half-year period, the Group continued the development of its geothermal portfolio. Deep Energy Limited, the subsidiary, holds 12 exploration licences in "South Australian Heat Flow Anomoly"- an area prospective for geothermal energy. The area covers an area of 5,792 square kilometres.

Deep Energy Limited request to vary the work programs were approved by Primary Industry and Resources South Australia (PIRSA). All work variations to the work programs and annual reports for the twelve Geothermal Exploration Licenses (GELs) have now been completed. The Group is continuing to work with PIRSA in reducing the number of GELs.

The Group has completed applications for exploration licences over an area located in Queensland identified as having potential for Uranium. The Group continues to seek other opportunities, including Gold opportunities.

Tenement Schedule

	Number	**Name**	**State**	**Area**	**% Ownership**	**Expiry Dates**
1	GEL 308	Frome Downs	South Australia	481km2	100%	27/03/2013
2	GEL 311	Tea Tree Outstation	South Australia	471 km2	100%	27/03/2013
3	GEL 312	Goonarbine	South Australia	493km2	100%	27/03/2013
4	GEL 313	Lake Frome West	South Australia	487km2	100%	27/03/2013
5	GEL 314	Glenorchy	South Australia	463km2	100%	27/03/2013
6	GEL 315	Lake Frome East	South Australia	463km2	100%	27/03/2013
7	GEL 486	Kalan	South Australia	497km2	100%	28/05/2014
8	GEL 487	Mayfair	South Australia	498km2	100%	28/05/2014
9	GEL 488	Girls Rock	South Australia	486km2	100%	28/05/2014
10	GEL 489	Parthenos	South Australia	493km^2	100%	28/05/2014
11	GEL 490	Penta	South Australia	496km^2	100%	28/05/2014
12	GEL 497	No.6	South Australia	464km2	100%	28/05/2014
	Total			**5,792km2**		

Operating Results

The loss from continuing operations after income tax for the half year ended 31 December 2013 was $447,433 (31 December 2012 loss: $243,042).

The loss from continuing operations after income tax includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

	Half Year Ended 31 Dec 2013 $	**Half Year Ended 31 Dec 2012 $**
Revenue from continuing activities	9,970	28,086
Expenses from continuing activities	(583,431)	(271,128)
Loss from continuing operations	(573,461)	(243,042)
Income tax credit	126,194	-
Loss from continuing operations	(447,267)	(243,042)
Earnings per Share		
Basic loss per share	($0.010)	($0.005)
Diluted loss per share	($0.010)	($0.005)

As the average market price of ordinary shares for the half year ended 31 December 2013 did not exceed the weighted average exercise price, the share options are anti-dilutive and are ignored in the calculation of the diluted earnings per share.

The loss of the Group has resulted from the following:

(a) Interest income decreased to $9,970 was due to the decrease in the average cash balances in the current half year period;

(b) Impairment expenses of $ 434,373 was due to the rationalisation of certain geothermal licences.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on Page 9.

Auditor

The auditor continues in office in accordance with Section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of directors.

On behalf of the Directors

RJ Poole
Chairman
Sydney,
28 February 2014

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF RESOURCES & ENERGY GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Resources & Energy Group Limited and the entities it controlled during the period.

PROSPERITY AUDIT SERVICES

LUKE MALONE
Partner

28 February 2014

Sydney

Sydney
Level 1
130 Elizabeth Street
Sydney NSW 2000
PO Box 20726
World Square NSW 2002
T 02 8262 8700
F 02 8026 8377

Newcastle
Hunter Mall Chambers
2nd Floor, 175 Scott Street
Newcastle NSW 2300
PO Box 234
Newcastle NSW 2300
T 02 4907 7222
F 02 4929 6759

Brisbane
Suite 1, Level 3
200 Creek Street
Brisbane QLD 4000
GPO Box 2246
Brisbane QLD 4001
T 07 3839 1755
F 07 3839 1037

mail@prosperityadvisers.com.au
www.prosperityadvisers.com.au

Prosperity Audit Services
ABN 87 879 283 831

RESOURCES & ENERGY GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half year ended 31 December 2013

	Note	Consolidated 31 Dec 2013 $	Consolidated 31 Dec 2012 $
Continuing operations			
Other revenue	2	9,970	28,086
Auditing and accounting		(23,650)	(36,190)
Consulting fees		(2,000)	(104,500)
Office expense		(13,200)	(13,200)
Corporate maintenance expense		(39,963)	(44,774)
Director fees		(57,900)	(59,400)
Impairment of mining rights		(420,648)	-
Write-off of exploration and evaluation assets		(13,725)	-
Other expenses		(12,345)	(13,064)
Profit / (Loss) before income tax expense		(573,461)	(243,042)
Income tax expense		126,194	-
Loss for the half-year period		(447,267)	(243,042)
Other Comprehensive Income/(Loss)			
Other comprehensive income for the period		-	-
Total comprehensive income/(loss) for the period		(447,267)	(243,042)
Profit/(loss) is attributable to:			
- shareholders of Resource & Energy Group Limited		(436,049)	(235,400)
- Non-controlling interests		(11,218)	(7,642)
		(447,267)	(243,042)
Total comprehensive income/(loss) is attributable to:			
- shareholders of Resource & Energy Group Limited		(436,049)	(235,400)
- Non-controlling interests		(11,218)	(7,642)
		(447,267)	(243,042)
Loss Per Share for profit/(loss) from continuing operations attributable to the ordinary shareholders of the company			
Basic ($ per share)	3	(0.010)	(0.005)
Diluted ($ per share)	3	(0.010)	(0.005)
Loss Per Share for profit/(loss) attributable to the ordinary shareholders of the company			
Basic ($ per share)	3	(0.010)	(0.005)
Diluted ($ per share)	3	(0.010)	(0.005)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

RESOURCES & ENERGY GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

	Note	Consolidated 31 Dec 2013 $	Consolidated 30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents		705,001	863,393
Trade and other receivables		5,676	8,943
TOTAL CURRENT ASSETS		710,677	872,336
NON-CURRENT ASSETS			
Exploration and evaluation assets		404,422	811,318
TOTAL NON-CURRENT ASSETS		404,422	811,318
TOTAL ASSETS		1,115,099	1,683,654
CURRENT LIABILITIES			
Trade and other payables		44,094	45,129
TOTAL CURRENT LIABILITIES		44,094	45,129
NON-CURRENT LIABILITIES			
Borrowings		185,305	179,365
Deferred tax liabilities		103,250	229,444
TOTAL NON-CURRENT LIABILITIES		288,555	408,809
TOTAL LIABILITIES		332,649	453,938
NET ASSETS		782,450	1,229,716
EQUITY			
Issued Capital		10,948,793	10,948,793
Retained Earnings		(12,611,216)	(12,175,167)
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF RESOURCES & ENERGY GROUP LIMITED		(1,662,423)	(1,226,374)
Non-controlling interests		2,444,873	2,456,090
TOTAL EQUITY		782,450	1,229,716

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

RESOURCES & ENERGY GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2013

	Note	Consolidated 31 Dec 2013 $	Consolidated 31 Dec 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(150,597)	(295,984)
Interest received		13,741	21,224
NET CASH FLOWS FROM OPERATING ACTIVITIES		(136,856)	(274,760)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation costs		(27,476)	(37,956)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(27,476)	(37,956)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings/(Repayment) of borrowings		5,940	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		5,940	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(158,392)	(312,716)
Cash and cash equivalents at the beginning of the half year		863,393	1,365,367
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR		705,001	1,052,651

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

RESOURCES & ENERGY GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2013

CONSOLIDATED	ORDINARY SHARES	RETAINED EARNINGS	NON-CONTROLLING INTERESTS	TOTAL
Balance at 1 July 2012	10,948,793	(11,771,873)	2,466,964	1,643,884
Total Comprehensive loss for the half year	-	(235,400)	(7,642)	(243,042)
Balance at 31 December 2012	**10,948,793**	**(12,007,273)**	**2,459,322**	**1,400,842**
Balance at 1 July 2013	10,948,793	(12,175,167)	2,456,091	1,229,717
Total Comprehensive loss for the half year	-	(436,049)	(11,218)	(447,267)
Balance at 31 December 2013	**10,948,793**	**(12,611,216)**	**2,444,873**	**782,450**

The above Consolidated Statement of Changes In Equity should be read in conjunction with the accompanying notes

1. BASIS OF PREPARATION

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting.

The half year financial report does not include all notes of the type normally included in the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Resources & Energy Group Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies adopted are consistent with those applied in the 30 June 2013 annual report, and corresponding interim reporting period.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

There are no new and revised Standards and amendments thereof and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Group has sufficient cash reserves to meet its debts as and when they fall due over the next 12 months, and negotiations in relation to the work variation programs with the South Australian Government were successful and all reports have now been completed. However, the Group is continuing to review the 12 GELs with PIRSA to reduce the number of GELs and the impact on expenditure commitments and the cost to commercialize these assets are not yet known.

The Group may require the raising of funding through debt or equity in order to allow for successful exploration and subsequent exploitation of the Group's tenements and also for other opportunities like the potential for uranium in the Queensland area and gold opportunities.

Uncertainties

There is currently uncertainty with respect to the following factors:

(a) There is an ongoing subdued economic climate and significant difficulty has been encountered by geothermal industry participants to commercialise geothermal assets;

(b) Significant uncertainty with respect to the valuation of exploration and evaluation assets; and

(c) The Group would require significant additional capital to commercialise its geothermal assets.

1. BASIS OF PREPARATION (CONT)

Despite these uncertainties the directors have a number of actions in place to allow the Group to continue as a going concern:

(a) The Group continue to successfully negotiate its licences and work programs commitments with PIRSA;

(b) Other funding alternatives such as a joint venture arrangement with other geothermal explorers, or additional raising of further capital can be pursued; and

(c) The Directors are examining other viable alternatives for the Group moving forward, including potential uranium exploration in Queensland.

Due to the above facts, there exists significant uncertainty that the Group will not successfully fulfill those key events and therefore the Group may not be able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. Accordingly, the going concern basis used in the preparation of the financial report would not be appropriate.

Critical Accounting Estimates and Judgements

(a) Significant uncertainty in relation to the valuation of exploration and evaluation assets

Deep Energy Limited, a 51% owned subsidiary of the Resources & Energy Group Limited holds 12 exploration licences in South Australia representing the initial fair value of the exploration and evaluation assets of $8.6 million. These assets were impaired to a value of $0.8 million as at 30 June 2012. During the half year to 31 December 2013, the Group has obtained Government approval for a work variation to the licences and impaired the assets to a value of $0.4 million as at 31 December 2013.

There is significant uncertainty with respect to the valuation of exploration and evaluation assets at the current time as:

- The cost required to commercialise the geothermal assets currently is economically prohibitive if the Group cannot raise further funding or partner with another Group;
- Commercialisation of geothermal assets is in its infancy in Australia and there is uncertainty in the market as to the fair value and commercial viability of the assets.

An impairment expense of $434,373 has been recognised in the Statement of Comprehensive Income for the half year ended 31 December 2013, reflective of the continued uncertainty with respect to the Group’s ability to commercialise the geothermal assets. Notwithstanding this, the remaining value of the assets is reflective of the Directors’ assessment of the value of the assets and they remain committed to realizing the value through exploration and commercialisation, or sale.

2. OTHER REVENUE

	31 Dec 2013 $	31 Dec 2012 $
Interest	9,970	26,764
Other income	-	1,322
	9,970	28,086

3. ASSET BACKING AND EARNINGS PER SHARE

	31 Dec 2012	30 Jun 2013
Net tangible asset backing (cents per share)	0.83	0.92
Basic Loss per share (cents per share)	(0.96)	(0.89)
Earnings used in calculation of earnings per share	(436,049)	(403,294)
Weighted average number of units on issue used in calculation of earnings per unit	45,342,306	45,342,306

As the average market price of ordinary shares for the half-year ended 31 December 2013 did not exceed the weighted average exercise price, the share options are anti dilutive and are ignored in the calculation of the diluted earnings per share.

4. DIVIDENDS

No dividends have been declared or paid during the half year ended 31 December 2013 or in the prior period, and the directors do not recommend the payment of a dividend in respect of the half year ended 31 December 2013.

5. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There has been no change in contingent liabilities since the last annual reporting period.

6. SEGMENT REPORTING

The Group has one reportable segment being the exploration of geothermal energy in South Australia. The group has twelve Geothermal Licences in the state of South Australia. Due to the fact that all geothermal licences are in SA and at a similar exploration stage, they have been aggregated as one reportable operating segment.

Management will continue to assess the reporting format in future periods and if reporting changes to a different basis, additional segment information will be included.

The Group has identified its operating segments based on internal reports that are reviewed and used by the directors in assessing performance. The accounting policies and amounts reported for internal reporting are consistent with the AIFRS financial information reported in this financial report.

6. SEGMENT REPORTING (CONT)

Half- year 2013	**Exploration & Drilling for geothermal energy**	**Unallocated**	**Total**
Revenue			
Segment Revenue **(a)**	-	9,970	9,970
Depreciation	-	-	-
Loss after income tax (b)	(317,752)	(129,515)	(447,267)
Segment total assets (c) -31 December 2013	164,585	950,514	1,115,099
Segment total liabilities – 31 December 2013	185,305	147,344	332,649

Half- year 2012	**Exploration & Drilling for geothermal energy**	**Unallocated**	**Total**
Revenue			
Segment Revenue **(a)**	1,322	26,764	28,086
Depreciation	-	-	-
Loss after income tax (b)	(15,872)	(227,170)	(243,042)
Segment total assets (c) – 31 December 2012	155,842	1,734,807	1,890,649
Segment total liabilities – 31 December 2012	194,911	294,897	489,808

Unallocated amounts represent corporate activities such as administration and office costs.

(a) Revenue
A reconciliation of total loss after tax to the consolidated profit for the year is provided as follows:

	31 Dec 2013	**31 Dec 2012**
Total Revenue	9,970	28,086
Inter-segment elimination	-	-
Profit / (Loss) for the year	9,970	28,086

6. SEGMENT REPORTING (CONT)

(b) Loss after tax

A reconciliation of total loss after tax to the consolidated loss for the year is provided as follows:

	31 Dec 2013	31 Dec 2012
Total loss after tax	(447,267)	(243,042)
Inter-segment elimination	-	-
Profit / (Loss) for the year	(447,267)	(243,042)

(c) Segment assets

Reportable segments' assets are reconciled to total assets as follows:

	31 Dec 2013	30 June 2013
Segment assets	2,620,099	3,188,654
Inter-segment elimination	(1,505,000)	(1,505,000)
Total assets as per the balance sheet	1,115,099	1,683,654

All segment revenues are attributed to Australia and all segment assets are located in Australia.

7. TENEMENT LEASE COMMITMENTS

The Group currently holds twelve geothermal exploration licences (GELs) which have been granted for a period of five years. Six of the licences have an expiry date in May 2014. The remaining six licences have expired, however the Group have not abandoned the licences. The Group is currently in discussion with PIRSA to reduce these twelve GELs to six GELs.

	31 Dec 2013 $	30 June 2013 $
Minimum Expenditure commitment on tenement leases		
Committed but not provided for and payable:		
Within one year	210,000	1,500,000
One year or later and no later than for five years	-	-
Later than five years	-	-
	210,000	1,500,000

Primary Industry and Resources South Australia (PIRSA) approved the work program variations during the year. The Group have now completed all compliance and work variations to the existing Geothermal Explorations licences (GELs). Discussions continue with PIRSA to reduce the existing twelve GELs. No minimum expenditure is specified in the approved work programs. The Group intends to spend $210,000 in the next twelve months. However the amount required to commericalise the geothermal assets is expected to be significantly higher and the Group may require additional funding as outlined in note 1.

8. COMPANY DETAILS

The registered office of the company is:
Resources & Energy Group Limited
Level 33 Colonial Centre
52 Martin Place
SYDNEY NSW 2000

The principal place of business is:
Level 33 Colonial Centre
52 Martin Place
SYDNEY NSW 2000

9. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years other than:

The Group's application for exploration licences in Queensland are still in process. The Group continues to look at other opportunities locally and overseas, in particular gold opportunities.

RESOURCES & ENERGY GROUP LIMITED
DIRECTORS' DECLARATION

for the half year ended 31 December 2013

In accordance with a resolution of the directors of Resources & Energy Group Limited, the directors of the Group declare that:

1) The financial statements and notes of the consolidated entity as set out on pages 10 to 19 are in accordance with the Corporations Act 2001, including:

    a) complying with the Accounting Standard AASB 134 *Interim Financial Reporting;* and

    b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and the performance for the half-year ended on that date.

2) In the directors' opinion there reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the board

RJ Poole
Chairman

Sydney, 28 February 2014

prosperity audit services

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF RESOURCES & ENERGY GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Resources & Energy Group Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Resources & Energy Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of Resources & Energy Group Limited's financial position as at 31 December 2013 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulation 2001*. As the auditor of Resources & Energy Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Sydney
Level 1
130 Elizabeth Street
Sydney NSW 2000
PO Box 20726
World Square NSW 2002
T 02 8262 8700
F 02 8026 8377

Newcastle
Hunter Mall Chambers
2nd Floor, 175 Scott Street
Newcastle NSW 2300
PO Box 234
Newcastle NSW 2300
T 02 4907 7222
F 02 4929 6759

Brisbane
Suite 1, Level 3
200 Creek Street
Brisbane QLD 4000
GPO Box 2246
Brisbane QLD 4001
T 07 3839 1755
F 07 3839 1037

mail@prosperityadvisers.com.au
www.prosperityadvisers.com.au

Prosperity Audit Services
ABN 87 879 283 831

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF RESOURCES & ENERGY GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2013 (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Resources & Energy Group Limited, a copy of which is included on page 9 of the financial report.

Auditor's Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Resources & Energy Group Limited is not in accordance with the *Corporations Act 2001* including:

i. giving a true and fair view of Resources & Energy Group Limited financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

ii. complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty in relation to the value of Exploration and Evaluation Assets

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that there is uncertainty with respect to the valuation of exploration and evaluation assets. Given the uncertainty which currently exists as to the Company's ability to commercialise the geothermal assets, the Directors have been unable to reliably measure the value of these assets at 31 December 2013.

Accordingly, material uncertainty exists over the valuation of exploration and evaluation assets in the half-year financial report as at 31 December 2013.

Emphasis of matter – material uncertainty in relation to the going concern basis

Without modifying our opinion, we draw attention to Note 1 in the half-year financial report which indicates that there is uncertainty with respect to the company being able to meet the expenditure that will be required to successfully commercialise the geothermal assets. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

PROSPERITY AUDIT SERVICES

LUKE MALONE
Partner
28 February 2014
Sydney