



15 March 2015

The Manager
Company Announcements Office
ASX Ltd.
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

HALF YEAR REPORT

Please find attached Half Year Report prepared for the period ended 31 December 2015.

Yours faithfully
Resources and Energy Group

A handwritten signature in black ink, appearing to read "R. Poole", is written over a light grey horizontal line.

Richard Poole
Chairman

RESOURCES & ENERGY GROUP LIMITED

ABN 12 110 005 822

HALF YEAR REPORT 31 DECEMBER 2015

RESOURCES & ENERGY GROUP LIMITED
FINANCIAL REPORT

for the half year ended 31 December 2015
ABN 12 110 005 822

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RESOURCES & ENERGY GROUP LIMITED
CORPORATE DIRECTORY

Directors

Richard Poole (Chairman)
Virginia Bruce
Michael Hogg

Company Secretary

Warwick Heeson

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

LNP Audit and Assurance
Level 11, Suite 11.01
60 Castlereagh Street
Sydney NSW 2000

Stock Exchange

Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

ASX Code

REZ (fully paid ordinary shares)

RESOURCES & ENERGY GROUP LIMITED

DIRECTORS' REPORT

The directors of Resources & Energy Group Limited submit herewith the financial report for the half year ended 31 December 2015. 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

Resources & Energy Group is developing the Mount Mackenzie project in Central Queensland which presents a significant opportunity in gold, silver, and copper. In September 2015, the company announced to market the identification of a JORC 2012 compliant mineral resource estimate comprising 49k oz au Indicated, and 51k oz Inferred. The company is continuing to investigate the tenement package, and recently submitted samples for detailed geo-chemical evaluation. These samples were collected from an area adjacent to existing resources, which has not yet been subject to detailed drilling investigation. Following December 31 2015, on 26 February 2016 the company announced the results of these MMI soil geochemistry samples. The results confirmed that the method detected surface geochemical response over the primary mineralisation. An additional 169 samples collected on a 30 x 60m grid have also been tested and shown anomalous areas that lie under cover.

During the current half-year period, the Group has sought advice, whether ground based investigations in its geothermal portfolio should be pursued in light of current market conditions. Deep Energy Limited, the subsidiary, holds one geothermal exploration licence (GEL486) which was consolidated from six GELs to one Gel with a five-year term and has agreed a relevant work program. A decision whether to commit funds on this project will be taken in the first half of 2016.

The Group did not proceed with applications for exploration licences over an area located in Queensland identified as having potential for Uranium. This decision was based on uncertainty surrounding the approval process for development of new Uranium resources in Queensland.

Subsequent Events

Acquisition of Brightsun Enterprises Pty Ltd

On 12 January 2016 Resources and Energy Group entered into to an agreement to acquire 100% of Brightsun Enterprises Pty Ltd and subsequently announced a fund raising of \$2.4M to fund ongoing development of its projects. It was announced that Brightsun Shareholders are to be issued 7,500,000 FPO (Performance Shares) in REZ at 12c per share, subject to a 2 year escrow & performance of the Radio Mine. The Radio Gold project is situated on a mining lease 35 kilometres north of Southern Cross in Western Australia. The Brightsun acquisition also includes a 10 tonne per hour gravity processing plant for use at Radio. The plant requires minor refurbishment before being ready for use.

Potential Extension of Mineralisation at Mount Mackenzie

On 26 February 2016 Resources and Energy Group advised results from the MMI survey carried out as part of the company's exploration campaign at its Mount Mackenzie Project. The results were significant and showed a definitive indication of gold mineralisation extending north and east of the North Knoll prospect.

Deep Energy holds the following Geothermal Exploration Licence as at 31 December 2015.

	Number	State	Area	% Ownership	Expiry
1	GEL486	South Australia	1,943km ²	100%	28/05/19
	Total		1,943km²		

RESOURCES & ENERGY GROUP LIMITED

DIRECTORS' REPORT

Mount MacKenzie Mines holds the following Exploration Permits as at 31 December 2015.

	Number	State	% Ownership	Expiry
1	EPM10006	Queensland	100%	28/03/2018
2	EPM12546	Queensland	100%	28/01/2018
3	EMP17515	Queensland	100%	14/05/2016

Operating Results

The loss from continuing operations after income tax for the half year ended 31 December 2015 was \$575,115 (31 December 2014 loss: \$307,703). 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:

	31 Dec 2015	31 Dec 2014
	\$	\$
Revenue from continuing activities	1,203	1,360
Expenses from continuing activities	(576,318)	(309,063)
Loss from continuing operations	(575,115)	(307,703)
Income tax credit	-	-
Loss from continuing operations	(575,115)	(307,703)
Earnings per Share		
Basic loss per share	(0.533)	(0.642)
Diluted loss per share	(0.533)	(0.642)

As the average market price of ordinary shares for the half year ended 31 December 2015 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 further impairment of the geothermal assets in Deep Energy, the ongoing development of Mt MacKenzie, and research into potential acquisitions.

Auditor's Independence Declaration

A copy of the auditor's independence declaration under s.307C of the Corporations Act 2001 is set out on page 6 of the half-year ended financial report.

This report is signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

No Person has applied for leave of the court to bring proceedings on behalf of the Company for all or part of those proceedings

On behalf of the Directors.



RJ Poole
Chairman
Sydney,
15 March 2016

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

As lead auditor of Resources and Energy Group Limited for the period ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

Lachlan Nielson Partners Pty Limited



**Robert Nielson
Director**

Sydney, 15 March 2016

RESOURCES & ENERGY GROUP LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2015

	Note	Consolidated 31 Dec 2015 \$	Consolidated 31 Dec 2014 \$
Continuing operations			
Other revenue	2	1,203	1,360
Auditing and accounting		(14,000)	(23,500)
Consulting fees		(6,050)	(140,411)
Director fees		(55,400)	(57,400)
Legal Expenses		(14,538)	(15,240)
Share Based Expenses		-	(877)
Administration expenses		(68,713)	(71,635)
Impairment of exploration assets		(417,617)	-
Profit / (Loss) before income tax expense		<u>(575,115)</u>	<u>(307,703)</u>
Income tax expense		-	-
Loss for the half-year period		(575,115)	(307,703)
Other Comprehensive Income/(Loss)			
Other comprehensive income for the period		-	-
Total comprehensive income/(loss) for the period		<u>(575,115)</u>	<u>(307,703)</u>
Profit/(loss) is attributable to:			
- shareholders of Resource & Energy Group Limited		(371,730)	(304,084)
- Non-controlling interests		(203,385)	(3,619)
		<u>(575,115)</u>	<u>(307,703)</u>
Total comprehensive income/(loss) is attributable to:			
- shareholders of Resource & Energy Group Limited		(371,730)	(304,084)
- Non-controlling interests		(203,385)	(3,619)
		<u>(575,115)</u>	<u>(307,703)</u>
Loss Per Share for profit/(loss) from continuing operations attributable to the ordinary shareholders of the company			
Basic (cents per share)	3	(0.533)	(0.642)
Diluted (cents per share)	3	(0.533)	(0.642)
Loss Per Share for profit/(loss) attributable to the ordinary shareholders of the company			
Basic (cents per share)	3	(0.533)	(0.642)
Diluted (cents per share)	3	(0.533)	(0.642)

RESOURCES & ENERGY GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Note	Consolidated 31 Dec 2015 \$	Consolidated 30 Jun 2015 \$
CURRENT ASSETS			
Cash and cash equivalents		5,610	102,430
Trade and other receivables		4,369	7,244
TOTAL CURRENT ASSETS		<u>9,979</u>	<u>109,674</u>
NON-CURRENT ASSETS			
Exploration and evaluation assets	5	826,480	1,122,393
Other assets – non current		100,000	100,000
Property plant and equipment		30,000	30,000
TOTAL NON-CURRENT ASSETS		<u>956,480</u>	<u>1,252,393</u>
TOTAL ASSETS		<u>966,459</u>	<u>1,362,067</u>
CURRENT LIABILITIES			
Trade and other payables		135,825	49,258
Other liabilities		87,000	-
TOTAL CURRENT LIABILITIES		<u>222,825</u>	<u>49,258</u>
NON-CURRENT LIABILITIES			
Borrowings		209,065	203,125
Deferred tax liabilities		103,250	103,250
TOTAL NON-CURRENT LIABILITIES		<u>312,315</u>	<u>306,375</u>
TOTAL LIABILITIES		<u>535,140</u>	<u>355,633</u>
NET ASSETS		<u>431,319</u>	<u>1,006,434</u>
EQUITY			
Issued Capital	7	11,862,554	11,862,554
Reserves		57,277	57,277
Retained Earnings		(13,720,029)	(13,348,299)
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF RESOURCES & ENERGY GROUP LIMITED		<u>(1,800,198)</u>	<u>(1,428,468)</u>
Non-controlling interests		2,231,517	2,434,902
TOTAL EQUITY		<u>431,319</u>	<u>1,006,434</u>

RESOURCES & ENERGY GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWSFor the half year ended 31 December 2015

	Consolidated 31 Dec 2015 \$	Consolidated 31 Dec 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(70,915)	(218,737)
Interest received	-	1,360
Net cash used in operating activities	<u>(70,915)</u>	<u>(217,377)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation costs	(112,905)	(115,159)
Net cash used in investing activities	<u>(112,905)</u>	<u>(115,159)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings/(Repayment) of borrowings	87,000	-
Raising of capital	-	973,600
Net cash from financing activities	<u>87,000</u>	<u>973,600</u>
Net Increase/(Decrease) In Cash and cash equivalents	(96,820)	641,064
Cash and cash equivalents at the beginning of the half year	102,430	318,029
Cash and cash equivalents at the end of the half year	<u>5,610</u>	<u>959,093</u>

RESOURCES & ENERGY GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2015

Consolidated	Ordinary Shares	Options Reserve	Retained Earnings	Non- Controlling Interests	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	10,948,793	-	(12,809,647)	2,440,806	579,952
Total Comprehensive loss for the half year	-	-	(304,084)	(3,619)	(307,703)
Issue of shares	973,600	-	-	-	973,600
Share issue costs	(59,839)	-	-	-	(59,839)
Issue of options	-	877	-	-	877
Balance at 31 December 2014	11,862,554	877	(13,113,731)	2,437,187	1,186,887
Balance at 1 July 2015	11,862,554	57,277	(13,348,299)	2,434,902	1,006,434
Total Comprehensive loss for the half year	-	-	(371,730)	(203,385)	(575,115)
Issue of options	-	-	-	-	-
Balance at 31 December 2015	11,862,554	57,277	(13,720,029)	2,231,517	431,319

RESOURCES & ENERGY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2015

1. BASIS OF PREPARATION

The half year consolidated financial statements has been 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. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 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 2015 annual report, and corresponding interim reporting period.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period, however, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2016 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The group does not have any such assets.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

AASB 15 Revenue from Contracts with Customers introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. This standard is not applicable until 1 January 2018.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified however, is expected to be minimal.

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 does not have sufficient cash reserves to meet its debts as and when they fall due over the next 12 months, or sufficient cash or working capital to fulfil the exploration commitments under its geothermal and mining licenses outlined in note 10.

The directors are considering various alternatives to allow the Group to continue as a going concern including:

- (a) Other funding alternatives such as a joint venture arrangement with other parties, or additional raising of further capital can be pursued;
- (b) Further debt or equity may be raised in the near term by the Directors;
- (c) On-going financial support from related parties.

RESOURCES & ENERGY GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

for the half year ended 31 December 2015

1. BASIS OF PREPARATION (CONT)**Going concern (cont'd)**

There exists significant uncertainty that the Group may not successfully complete one or more of these 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.

In these circumstances, the going concern basis used in the preparation of the financial report would not be appropriate.

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 both its geothermal assets and Mount Mackenzie exploration assets.

Critical Accounting Estimates and Judgements**Share based payments**

On 9 November 2015, the company announced the grant of 1,000,000 performance options exercisable in the following manner:

- 500,000 Options at any time on and from the option holder referring an acquisition opportunity in relation to mining assets prospective for gold directly to the Company including arranging a meeting with the proposed vendors on or before that date which is 18 months after the date of issue of the Options;
- 250,000 Options at any time on and from the option holder referring a second acquisition opportunity in relation to mining assets prospective for gold directly to the Company including arranging a meeting with the proposed vendors on or before that date which is 18 months after the date of issue of the Options; and
- 250,000 Options at any time on and from the option holder referring a third acquisition opportunity in relation to mining assets prospective for gold directly to the Company including arranging a meeting with the proposed vendors on or before that date which is 18 months after the date of issue of the Options.

No vesting conditions have been met as at 31 December 2015. Options not exercised by 31 December 2019 will automatically lapse.

The Directors are currently arranging for an independent valuation of these options.

Pending receipt of this valuation, the Directors have determined that the portion of the valuation of these options relating to the period ended 31 December 2015 is unlikely to be material. The recognition of the share based payments expense has therefore been deferred and will be recognised in the accounts for the full year ended 30 June 2016 when the independent valuation is available.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2015

2. OTHER REVENUE

	31 Dec 2015	31 Dec 2014
	\$	\$
Interest	1,203	1,360
	<u>1,203</u>	<u>1,360</u>

3. ASSET BACKING AND EARNINGS PER SHARE

	31 Dec 2015	31 Dec 2014
	\$	\$
Net tangible asset backing (cents per share)	0.77	0.59
Basic Loss per share (cents per share)	(0.533)	(0.642)
Earnings used in calculation of earnings per share	<u>(371,730)</u>	<u>(304,048)</u>
Weighted average number of units on issue used in calculation of earnings per unit	<u>69,682,306</u>	<u>47,370,639</u>

As the average market price of ordinary shares for the half-year ended 31 December 2015 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. DIVIDEND

No dividends have been declared or paid during the half year ended 31 December 2015 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 2015.

5. EXPLORATION AND EVALUATION ASSETS

	31 Dec 2015	30 Jun 2015
	\$	\$
Exploration and Evaluation Assets		
Geothermal Assets		
At cost	8,682,117	8,673,317
Accumulated amortisation and impairment	<u>(8,682,117)</u>	<u>(8,264,500)</u>
	<u>-</u>	<u>408,817</u>
Other Mining Assets		
At cost	826,480	713,575
Accumulated amortisation and impairment	<u>-</u>	<u>-</u>
	<u>826,480</u>	<u>713,575</u>
Total Exploration and evaluation assets	<u>826,480</u>	<u>1,122,392</u>

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTSfor the half year ended 31 December 2015

5. EXPLORATION AND EVALUATION ASSETS (CONT)**Reconciliation of movements****Geothermal Assets**

	31 Dec 2015	30 Jun 2015
	\$	\$
Balance at the beginning of the year	408,817	419,856
Additions	8,800	3,956
Impairment – mining rights (b)	(417,617)	-
Write off of exploration and evaluation assets	-	(14,995)
Balance at the end of the year	<u>-</u>	<u>408,817</u>

Other Mining Assets

Balance at the beginning of the year	713,575	237,765
Additions (a)	112,905	475,810
Impairment	-	-
Balance at the end of the year	<u>826,480</u>	<u>713,575</u>

Recoverability of the carrying amount is dependent on further successful exploration and development.

(a) Capitalised expenditures amounting to \$112,905 (2014: \$115,159) and relating to exploration project at Mt Mackenzie have been included in cash flows from investing activities in the cash flow statement at 31 December 2015. The exploration and development expenditure will continue to be capitalised, as the company continues with its analysis and exploration program. From historical and recent analysis, resource estimates have been confirmed and therefore, no impairment with respect to this asset at balance date is required.

(b) The directors have impaired the geothermal assets at balance date on the following basis:

- Existence of 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 company cannot raise further funding or partner with another company; and
- 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.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2015

6. OPTIONS

	31 Dec 2015	30 Jun 2015
	\$	\$
Options A – Exercisable at 0.05c, expiry date 31 December 2017		
Opening Balance	2,000,000	-
Issued	-	2,000,000
Closing Balance	<u>2,000,000</u>	<u>2,000,000</u>
Options B – Exercisable at 0.05c, expiry date 31 December 2018		
Opening Balance	2,000,000	-
Issued	-	2,000,000
Closing Balance	<u>2,000,000</u>	<u>2,000,000</u>
Options C – Exercisable at 0.05c, expiry date 31 December 2018		
Opening Balance	1,000,000	-
Issued	-	1,000,000
Closing Balance	<u>1,000,000</u>	<u>1,000,000</u>
Options D – Exercisable at 0.12c, expiry date 31 December 2019		
Opening Balance	-	-
Issued	1,000,000	-
Closing Balance	<u>1,000,000</u>	<u>-</u>

On 9 November 2015, the company announced the grant of 1,000,000 performance options (options D) exercisable in the following manner:

- 500,000 Options at any time on and from the option holder referring an acquisition opportunity in relation to mining assets prospective for gold directly to the Company including arranging a meeting with the proposed vendors on or before that date which is 18 months after the date of issue of the Options;
- 250,000 Options at any time on and from the option holder referring a second acquisition opportunity in relation to mining assets prospective for gold directly to the Company including arranging a meeting with the proposed vendors on or before that date which is 18 months after the date of issue of the Options; and
- 250,000 Options at any time on and from the option holder referring a third acquisition opportunity in relation to mining assets prospective for gold directly to the Company including arranging a meeting with the proposed vendors on or before that date which is 18 months after the date of issue of the Options.

No vesting conditions have been met as at 31 December 2015. Options not exercised by 31 December 2019 will automatically lapse.

The Directors are currently arranging for an independent valuation of these options.

Pending receipt of this valuation, the Directors have determined that the portion of the valuation of these options relating to the period ended 31 December 2015 is unlikely to be material. The recognition of the share based payments expense has therefore been deferred and will be recognised in the accounts for the full year ended 30 June 2016 when the independent valuation is available.

RESOURCES & ENERGY GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS**for the half year ended 31 December 2015

7. SHARE CAPITAL

	31 Dec 2015		30 Jun 2015	
	Number	\$		
Ordinary shares	69,682,306	11,862,554	69,682,306	11,862,554
Ordinary Shares	Number	\$		
Opening Balance as at 1 July	69,682,306	11,862,554	45,342,306	10,948,793
Placement issue	-	-	24,340,000	973,600
Less: transaction costs of issue	-	-	-	(59,839)
Closing Balance	69,682,306	11,862,554	69,682,306	11,862,554

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

8. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

9. SEGMENT REPORTING

The Group has two reportable segments as at 31 December 2015.

One reportable segment is the exploration of geothermal energy is in South Australia. The other reportable segment is in the copper and gold exploration in Queensland.

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.

RESOURCES & ENERGY GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS**for the half year ended 31 December 2015

9. SEGMENT REPORTING (CONT)

Half- Year 2015	Exploration & Drilling for geothermal energy	Exploration & Drilling for copper and gold	Unallocated	Total
Revenue				
Segment Revenue	-	-	1,203	1,203
Depreciation/impairment	(417,617)	-	-	-
Loss after income tax (a)	(422,400)	(5,702)	(147,013)	(575,115)
Segment total assets (b) -31 Dec 2015	104,803	858,844	2,812	966,459
Segment total liabilities – 31 Dec 2015	312,315	6,284	216,541	535,140
Half- Year 2014	Exploration & Drilling for geothermal energy	Exploration & Drilling for copper and gold	Unallocated	Total
Revenue				
Segment Revenue	-	-	1,360	1,360
Depreciation/impairment	-	-	-	-
Loss after income tax (a)	(7,517)	(30)	(300,156)	(307,703)
Segment total assets (b) -31 Dec 2014	416,760	350,127	5,993	772,880
Segment total liabilities – 31 Dec 2014	200,185	11,628	338,759	550,572

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

(a) Loss after tax

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

	31 Dec 2015	31 Dec 2014
Total loss after tax	(575,115)	(307,703)
Inter-segment elimination	-	-
Profit / (Loss) for the year	<u>(575,115)</u>	<u>(307,703)</u>

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2015

9. SEGMENT REPORTING (CONT'D)

(b) Segment assets

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

	31 Dec 2015	30 June 2015
Segment assets	3,611,636	2,867,177
Inter-segment elimination	(2,645,177)	(1,505,100)
Total assets as per the balance sheet	<u>966,459</u>	<u>1,362,067</u>

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

10. TENEMENT LEASE COMMITMENTS

Deep Energy currently holds one single geothermal exploration licence (GEL) which have been granted for a period of five years at the end of 31 December 2015.

	31 Dec 2015	30 Jun 2015
	\$	\$
Minimum Expenditure commitment on Geothermal tenement leases		
Committed but not provided for and payable:		
Within one year	135,000	340,000
One year or later and no later than for five years	-	1,187,000
	<u>135,000</u>	<u>1,527,000</u>

Mount Mackenzie Mines holds three exploration mineral permits (EPM) at the end of 31 December 2015.

	31 Dec 2015	30 Jun 2015
	\$	\$
Minimum Expenditure commitment on other tenement leases		
Committed but not provided for and payable:		
Within one year	2,231,000	2,150,000
One year or later and no later than for five years	3,548,500	4,500,000
	<u>5,779,500</u>	<u>6,650,000</u>

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2015

11. 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

12. SUBSEQUENT EVENTS

In the first quarter of 2016, Resources and Energy Group has announced the following activities;

- i) 12 January 2016 - Acquisition of Radio Gold Project
Resources and Energy Group entered into an agreement to acquire 100% of Brightsun Enterprises the owner of the Radio Gold project.
- ii) 15 February 2016 – Acquisition of Radio Gold Project and Fund Raising
Resources and Energy despatched a Notice of Meeting to Shareholders to approve the acquisition of the Radio Gold Project and to approve a fund raising of up to \$2.4m.
- ii) 26 February 2016 – Potential Extension of Mineralisation at Mount Mackenzie
Resources and Energy Group advised results from the MMI survey carried out as part of the company's exploration campaign at its Mount Mackenzie Project. The results were significant and showed a definitive indication of gold mineralisation extending north and east of the North Knoll prospect.

Please refer to the relevant ASX announcements for further details.

13. AMENDMENT

On 27 November 2015 the Company announced, pursuant to section 3.16.3 of the Listing Rule, the appointment of the Company's new auditor to be Robert Nielson Partners. To avoid any confusion the Company would like to confirm the correct legal name of these auditors is LNP Audit and Assurance. This name will be used by the Company in all correspondence from now on.

RESOURCES & ENERGY GROUP LIMITED
DIRECTORS' DECLARATION

for the half year ended 31 December 2015

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 7 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 2015 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,
15 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RESOURCES AND ENERGY GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of Resources and Energy Group Limited and controlled entities ('the consolidated entity'), which comprises the consolidated condensed statement of financial position as at 31 December 2015, consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information notes and the directors' declaration.

Director's Responsibility for the Half-Year Financial Report

The directors' of Resources and 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 and the *Corporations Act 2001* and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatements, 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 Auditing Standard on Review Engagements ASRE 2410: *Review of an 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Resources and Energy Group Limited and controlled entities financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resources and Energy Group Limited and controlled entities, 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 other 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 and Energy Group Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- ii. complying with AASB 134 *Interim Financial Reporting and the Corporation Regulations 2001*.

Going Concern

Without modifying our conclusion, we draw attention to Note 1 in the financial report which sets out that the consolidated entity does not have sufficient cash reserves to meet its debts as and when they fall due over the next 12 months, or sufficient cash or working capital to fulfil the exploration commitments under its geothermal and mining licenses outlined in note 10.

The Directors are considering various alternatives to allow the consolidated entity to continue as a going concern as set out in Note 1.

There exists significant uncertainty that the consolidated entity may not successfully complete one or more of these key events and therefore the consolidated entity may not be able to continue as a going concern and to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

LNP Audit and Assurance



Robert Nielson
Director

Sydney, 15 March 2016