



ASX RELEASE

28-Sep-15

2015 Annual Report

Please find attached the Resources & Energy Group Limited 2015 Annual Report.

It is anticipated that the hard copy version of the Annual Report, along with the Notice of Meeting, will be distributed to shareholders in October 2015.

Cindy Louie
Company Secretary
RESOURCES & ENERGY GROUP LIMITED

RESOURCES & ENERGY GROUP LIMITED

ACN 110 005 822

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30-Jun-15**

RESOURCES & ENERGY GROUP LIMITED

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for the year ended 30 June 2015

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RESOURCES & ENERGY GROUP LIMITED
CORPORATE DIRECTORY

Directors

Richard Poole
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) 9227 8901

Principal Place of Business

Level 33 Colonial Centre
52 Martin Place
SYDNEY NSW 2000

Share Registry

Boardroom Pty Ltd
Level 12, 255 George 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)

Solicitor

Steinpreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Bankers

National Australia Bank
255 George Street
Sydney NSW 2000

RESOURCES & ENERGY GROUP LIMITED
REVIEW OF OPERATIONS

Operating Results

| | 2015 | 2014 |
|------------------------------------|--------------|---------------|
| | \$ | \$ |
| Revenue from continuing operations | <u>4,661</u> | <u>18,825</u> |

The comprehensive income / (loss) for the year was as follows:

| | 2015 | 2014 |
|--|------------------|------------------|
| Total comprehensive income / (loss) for the year | <u>(544,557)</u> | <u>(649,763)</u> |
| Profit / (loss) attributable to shareholders of Resources & Energy Group Limited | <u>(538,653)</u> | <u>(634,479)</u> |

Earnings per Share

| | 2015 | 2014 |
|-----------------------------------|--------------|--------------|
| | Cents | Cents |
| Basic earnings/(loss) per share | (0.94) | (1.40) |
| Diluted earnings/(loss) per share | (0.94) | (1.40) |

As the average market price of ordinary shares for the year ended 30 June 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 for the year amounted to \$544,557 (2014: loss of \$649,763).

This has resulted from the following:

- (a) Write off expenses of \$18,955 relating to the abandonment of the uranium applications.
- (b) Interest income has decreased by \$14,164 due to interest rates dropping.
- (c) Share Based expenses of \$57,277 are attributable to the issue of 5 million options during the year.

RESOURCES & ENERGY GROUP LIMITED
REVIEW OF OPERATIONS

Review of Operations

During the current year, the Group continued the development of its geothermal portfolio. Deep Energy Pty Limited, the subsidiary, holds one geothermal exploration licence (GEL486) which was consolidated from six GELs to one GEL with a five-year term and an agreed a relevant work program.

Resources & Energy Group is also developing the Mount Mackenzie project in Central Queensland which presents a significant opportunity in gold and copper. The Mount Mackenzie Project consists of three Exploration Permits for Minerals: EPM 10006, EPM 12546 and EPM 17515. Mount MacKenzie which lies within EPM 10006, is one of the largest hydrothermal systems in Eastern Australia.

On 23 December 2014, Resources & Energy Group Ltd completed a placement to sophisticated investors to raise \$973,600 for the ongoing operations and administration of the company including the development of the geothermal project in South Australia and the development of the Mount Mackenzie Project in Queensland.

On 8 April 2015, Mount Mackenzie Mines Pty Ltd settled the acquisition of the two parcels of land within Exploration Permit for Minerals (EPM) 10006. The parcels of land are significant as they encompass four areas which have been the subject of a number of exploration campaigns targeting shallow gold mineralisation within EPM 10006. The purchase of this land provides the Company with relevant access and land to conduct a focused program of investigations directed at the shallow resource areas.

After initial program of investigations completed at the Mount Mackenzie Project, the company was pleased to announce initial results indicating the presence of significant gold mineralisation. Thirteen holes were drilled as part of the company's initial Reverse Circulation Campaign. Technical evaluation on EPM 10006 is proceeding.

Mount Mackenzie Mines Pty Ltd (a wholly owned subsidiary) holds the following Exploration Mining Permits as at 30 June 2015.

| Number | State | Ownership | Expiry |
|----------|------------|-----------|----------|
| EPM10006 | Queensland | 100% | 28-03-18 |
| EPM12546 | Queensland | 100% | 28-01-18 |
| EPM17515 | Queensland | 100% | 14-05-16 |

Deep Energy Pty Ltd (51.85% owned) holds the following Geothermal Exploration Licence at the end of 30 June 2015.

| Number | State | Area | Ownership | Expiry |
|---------|-----------------|----------|-----------|----------|
| GEL 486 | South Australia | 1,943km2 | 100% | 28-05-19 |

RESOURCES & ENERGY GROUP LIMITED
DIRECTORS' REPORT

The directors of Resources & Energy Group Limited submit herewith the financial report, on the consolidated entity consisting of Resources & Energy Group and the entities it controlled for the year ended 30 June 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 financial year and up to the date of this report are:

Mr R J Poole

Ms V Bruce

Mr M Hogg

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. The qualifications and details of listed public company directorships held over the past three years are detailed below.

R J Poole**Chairman (Non- Executive)**

LLB, B Juris, B Comm ASIA.

Appointed Chairman on 12 July 2004. Board member since 12 July 2004. Former director of Australian Power and Gas Limited, Adavale Resources Limited and BBX Holdings Limited.

Mr Poole commenced his career as a lawyer specialising in mergers and acquisitions. He left the law in 1990 to build a research and development operation with operations in Japan, USA and Australia and added a manufacturing company in China in 1994. He successfully built the R&D company from its early stages to a public listed vehicle raising the necessary capital up to his departure in 1999. Since 1999 he has continued his involvement in fund raising and the development of companies. He is a principal of Arthur Phillip Pty Limited a corporate advisory firm providing investment services and he is an experienced corporate advisor and entrepreneur.

Special Responsibilities:

Mr Poole is a member of the Audit and Finance Committee and Remuneration/Nomination Committee.

V Bruce**Director – Chief Executive Officer**

Director since 6 December 2004 and with 17 years service with Resources & Energy Group Limited and its predecessors. Ms Bruce's international reputation began with her key role in developing the retail concept generally thought to have changed the face of entertainment retailing - Warner Bros Studio Stores. Ms Bruce went on to pioneer strategic marketing, brand licencing, and creative/product design offerings that have optimised the global market power of Mattel, Kellogg's, Avon, Disney, United Media, Feld Entertainment, Harvey Entertainment, the Australian Rugby Union, the Sydney Olympics and other premier branded properties.

RESOURCES & ENERGY GROUP LIMITED
DIRECTORS' REPORT (CONT)

Special Responsibilities:

None

M Hogg

M Hogg (Non-executive director)

Director since 19 February 2013. Mr Hogg is a non-executive director of Firstfolio Limited and Australian Power & Gas Limited.

Mr Hogg is a former Australian CEO of The Cobra Group Pty Ltd, which is part of a direct sales organisation with over 10,000 sales representatives in 20 countries worldwide.

Special Responsibilities:

Mr Hogg is a member of the Audit and Finance Committee and Remuneration/Nomination Committee.

Directors interests are disclosed in Note 16 to the accounts.

The following table sets out the number of meetings of Directors held since the commencement of the financial year, with the number of meetings attended by each Director:

| Name | Number of meetings eligible | Number of meetings attended |
|------------------------------------|-----------------------------|-----------------------------|
| R J Poole (Non-executive director) | 12 | 12 |
| V Bruce (Executive director) | 12 | 12 |
| M Hogg (Non-executive director) | 12 | 12 |

The Directors meet on an informal basis between board meetings.

Cindy Louie (Company Secretary)

B Bus, CPA

Company secretary since 28 February 2013. Ms Louie is responsible for the company secretarial functions of the Group. She earned a Bachelor of Business from the University of Technology, Sydney. She is also a CPA.

Principal Activity

The Group's principal activities for the current financial year, were to explore and develop areas suitable for geothermal power products as well as gold and silver.

The Mount Mackenzie project consists of three Exploration Permits for Minerals: EPM 10006, EPM 12546 and EPM 17515. Mount Mackenzie which lies within EPM 10006, is one of the largest hydrothermal systems in Eastern Australia and the system is gold bearing. After initial drilling at its Mount Mackenzie Project, the Company was pleased to announce the initial results, indicating the presence of gold mineralisation. Technical evaluation on EPM 10006 is proceeding.

RESOURCES & ENERGY GROUP LIMITED
DIRECTORS' REPORT (CONT)

Dividends

No dividends were paid or declared for payment during or subsequent to the financial year.

Review of Operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Review of Operations on Page 6 to 7 of this annual report.

Significant Changes in the States of Affairs

Other than already noted above in this report, there were no significant changes in the state of affairs of the consolidated entity during the year.

Events Subsequent to Reporting Date

No matter or circumstances have arisen in the interval since 30 June 2015 and up to the date of this report, that in the opinion of the directors has significantly affected or may significantly affect the operations of the Group, the results of those operations or state of affairs of the Group in future financial years other than:

On 7 September 2015, the Company announced the resource estimates of 100,000 oz of gold and 624,000 oz of silver derived from analysis of recent drilling and historical results from the Mount Mackenzie Project. These estimates were prepared and reported under the JORC 2012 code.

Future Developments

The Group will continue to pursue opportunities locally and overseas in other mineral resources, exploration and related activities.

Further information on expected results of operations and likely developments in the operations has not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental Issues

Exploration and development activities are subject to State and Federal laws and regulations. The Group has a policy of complying with its environmental performance obligations as a minimum, and during the reporting period, there has been no known breach of the environment regulations.

The Group is committed to ensuring the activities of its business are conducted in a way so as to minimise adverse impacts on the environment and local communities.

RESOURCES & ENERGY GROUP LIMITED
DIRECTORS' REPORT (CONT)

Indemnifying Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Group.

Audit and Non-Audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Board of Directors (the Board) has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditors own work, acting in a management or decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

No non-audit services were provided during the current year.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on Page 19.

Auditor

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

RESOURCES & ENERGY GROUP LIMITED
DIRECTORS' REPORT (CONT)

Remuneration Report (Audited)

The Board is comprised of two non-executive and one executive director. The consolidated entity does not have any salaried directors or executives. The information provided in this remuneration report has been audited as required by section 308 (3C) of the Corporations Act 2001.

The key management personnel of the Group are the directors as set out in this report. Except as disclosed in the following tables, there are no other persons that must be disclosed under the Corporations Act 2001 as key management personnel.

Principles used to determine the nature and amount of remuneration

The Remuneration Committee is responsible for determining and reviewing the remuneration of directors, within within parameters approved by shareholders, and of executives and consultants. Remuneration packages, which consist of base salary, fringe benefits, incentive schemes (including performance related bonuses), superannuation, and entitlements upon retirement or termination, are reviewed with due regard to performance and other relevant factors.

Executive directors

Executive directors' remuneration packages may comprise of:

- Salary and associated superannuation;
- Fixed directors fees; and
- Performance based bonuses.

Non-executive directors

Non-Executive directors receive fixed director fees only, and do not participate in any performance-based remuneration schemes.

Short-term incentives and Long-term incentives

Due to the current size and extent of nature of operations, no short-term incentives such as performance based bonuses or long term incentives such as employee options were provided to the directors.

RESOURCES & ENERGY GROUP LIMITED
DIRECTORS' REPORT (CONT)

Remuneration Report (continued)

Details of remuneration

As disclosed in the financial statements, the following amounts were paid to directors as director fees:

| Name of Director | Entity | Services provided | Amount paid | Total |
|-------------------------|--|--------------------------|--------------------|--------------|
| Mr R J Poole | Arthur Phillip Pty Limited | Director Services | \$ 52,800 | \$ 52,800 |
| Ms V Bruce | Reality Energy Attitude Life Pty Limited | Director Services | 36,000 | 36,000 |
| Mr M Hogg | Farshore Business Solutions Pte Ltd | Director Services | 30,000 | 30,000 |

All remuneration paid is in the form of short term employee benefits. No Post-employment benefits, long-term benefits, termination benefits or share based payments were made during the current financial year.

Service agreements

The non-executive directors did not enter into any service agreements with the Group. The Nomination Committee considers the appointment and retirement of Non-Executive Directors on a case by case basis. Currently all directors are required to be re-elected at least every three years and at least one-third of directors must retire at each Annual General Meeting.

Options

There was no options held during the financial year for the directors.

No person entitled to exercise options had or has any right by virtue of the options to participate in any share issue of any body corporate.

End of remuneration report

RESOURCES & ENERGY GROUP LIMITED
DIRECTORS' REPORT (CONT)

Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group, or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the financial year.

Signed in accordance with a resolution of directors.

On behalf of the Directors



RJ Poole
Chairman
Sydney, 28 September 2015

RESOURCES & ENERGY GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Resources & Energy Group Limited is responsible for the corporate governance of the Group. The Board monitors the business affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board of Directors acknowledges the Principles of Good Corporate Governance and Best Practice Recommendations set by the Australian Stock Exchange ('ASX') Corporate Governance Council. However in view of the Group's current size and extent of the nature of operations, full adoption of the recommendations is currently not practical. The Board will continue to work towards full adoption of the recommendations in line with growth and development of the Group in years ahead. Where the Group's framework was different to the Principles of Good Corporate Governance and Best Practice Recommendations set by the ASX Corporate Governance Council, it has been noted.

A summary of the current corporate governance practices as adopted by the Board are as follows:

The Board of Directors

The Board of Directors carries out its responsibilities according to the following mandate:

- The Board should comprise at least three directors, with at least two thirds being non executive directors
- The Chairman of the Board should be a non executive director
- The directors should possess a broad range of skills, qualifications and experience
- The Board considers the mix of skills and the diversity of board members
- The Board should meet at least on a quarterly basis, and
- All available information in connection with items to be discussed at a meeting of the Board shall be provided to each director prior to that meeting.

The primary responsibilities of the Board include:

- The approval of the annual and half yearly financial report
- The establishment of long term goals for the Economic Entity and strategic plans to achieve those goals
- The review and adoption of annual budgets for the financial performance of the Economic Entity and monitoring the results on a quarterly basis.
- Ensuring that the Economic Entity has implemented adequate internal controls together with the appropriate monitoring of compliance activities, and
- Ensuring that the Economic Entity is able to pay its debts as and when they fall due.

The Group discloses the curriculum vitae of each of its directors in its Annual Report.

The function of the Chairman and the other directors are separate.

Diversity

The Board is committed to having an appropriate blend of diversity on the Board. It recognises the benefits arising from Board diversity and the importance of benefiting from all available talent. Accordingly, the Group has established a diversity policy.

RESOURCES & ENERGY GROUP LIMITED
CORPORATE GOVERNANCE STATEMENT

The policy outlines requirements for the Board to develop measureable objectives for achieving diversity and annually assess both objectives and the progress in achieving those objectives. According, the Board has developed the objectives regarding gender diversity and aims to achieve these objectives over the next few years as director and senior executive positions become available:

| | 2015 | | 2014 | |
|--------------------------------------|------------|----------|------------|----------|
| | Female (%) | Male (%) | Female (%) | Male (%) |
| Board representation | 33 | 67 | 33 | 67 |
| Key senior management representation | 33 | 67 | 33 | 67 |
| Group representation | 33 | 67 | 33 | 67 |

Due to the size of the Group, the members of the Remuneration Committee and Nomination Committee are the same.

Due to the Group's current size and extent of nature of operations, the following departures from Principles of Good Corporate Governance and Best Practice Recommendations have occurred:

- The majority of the Board should be independent. Presently the Board consists of two non Executive Directors and one Executive Director. However, Richard Poole is a principal of Arthur Phillip Pty Limited, a material adviser to the Group in the past 5 years, and is not considered independent.

Independent Professional Advice

With the prior approval of the Chairman, each Director has the right to seek independent legal and professional advice at the Economic Entity's expense concerning any aspect of the Economic Entity's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Ethical Standards

The Board endeavours to ensure that the Directors, officers and employees of the Group act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Specifically, that Directors, officers and employees must:

- Comply with the law;
- Act in the best interests of the Group;
- Be responsible and accountable for their actions; and
- Observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

Trading Policy

The Group's policy regarding Directors and employees trading in its securities is set by the Audit and Finance Committee. A copy of the Company's Trading Policy was lodged with the ASX on 24 December 2010.

The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

RESOURCES & ENERGY GROUP LIMITED
CORPORATE GOVERNANCE STATEMENT

Audit and Finance Committee

The Board has established an Audit and Finance Committee consisting of the following Directors:

- Mr Richard J Poole (Chairman); and
- Mr Michael Hogg

The names and qualifications of the Directors in the Audit and Finance Committee and the number of meetings are disclosed in the yearly report.

The Audit and Finance Committee provides a forum for the effective communication between the Board and the external auditors. The Committee reviews:

- The annual and half yearly financial report prior to their approval by the Board;
- The effectiveness of management information systems and systems of internal control; and
- The efficiency and effectiveness of the external audit function.

The Audit and Finance Committee invites other Directors and external auditors to attend committee meetings on occasion. The Audit and Finance Committee also meets with external auditors, as necessary, concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls. Given the significant involvement by the Board in the operations of the business during the year, it was not deemed necessary that the Audit and Finance Committee meet during the financial year, as all matters normally dealt with by the Audit and Finance Committee were dealt with directly by the Board.

The Audit and Finance Committee requests the Group's external auditor attend the annual general meeting and be available to answer shareholder questions about conduct of the audit, and the preparation and content of the auditor's report.

Due to the Group's current size and nature of operations, the following departures from the Principles of Good Corporate Governance and Best Practice Recommendations have occurred:

- The Audit and Finance Committee should consist of three members, the majority being independent and the Chairperson being independent and not the Chairperson of the Board. The committee only consists of two members, with the Chairperson being the Chairperson of the Board and as outlined in the Board of Directors Section, the Directors are not considered independent.
- The Audit and Finance Committee should have a formal charter. Such a charter is not considered necessary for the proper function of the committee given the composition of Audit and Finance Committee and Board.

Continuous Disclosure

The Board and Company Secretary are appointed as the parties responsible for communications with the Australian Stock Exchange ('ASX'). They are also responsible for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and coordinating information disclosure to the ASX.

The Board is responsible for the communications strategy to promote effective communications with shareholders and encourage effective participation at general meetings. The Group adheres to best practice in its preparation of notices of meetings to ensure all shareholders are fully informed.

RESOURCES & ENERGY GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT

Remuneration Committee/Nomination Committee

The Board has established a Remuneration Committee/Nomination Committee consisting of the following Directors:

- Mr Richard J Poole (Chairman); and
- Mr Michael Hogg

The Remuneration/Nomination Committee reviews the remuneration policies applicable to all Directors and Executive Officers on an as needed basis and makes recommendations on remuneration packages and terms of employment to the Board. Remuneration packages, which consist of base salary, fringe benefits, incentive schemes (including performance-related bonuses), superannuation, and entitlements upon retirement or termination, are reviewed with due regard to performance and other relevant factors.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Economic Entity's operations, the Remuneration Nomination Committee occasionally seeks the advice of external advisors in connection with the structure of remuneration packages.

Executive Directors remuneration packages may comprise of:

- Salary and associated superannuation;
- Fixed directors fees; and
- Performance based bonuses.

Non-Executive Directors receive fixed directors fees only, and do not participate in any performance-based remuneration.

Fixed directors fees may be paid in the form of cash, share options or a combination of both. Share options are issued on similar terms to previous issues by the entity and are considered to be in lieu of cash, not based on performance of the entity.

Full remuneration disclosure, including superannuation entitlements, and the number of meetings of the Remuneration/Nomination Committee is provided by the Group in its annual report. The Remuneration/Nomination Committee ensures that all equity based executive remuneration is made within the guidelines set by plans approved by Shareholders.

Due to the Group's current size and extent of nature of operations, the following departures from the Principles of Good Corporate Governance and Best Practice Recommendations have occurred:

- The Remuneration/Nomination Committee should consist of three members, the majority being independent and chaired by an independent person. The Committee only consists of two members and as outlined in the Board of Directors section, the Directors are not considered to be independent.

The Remuneration/Nomination Committee considers the appointment and retirement of Non-Executive Directors on a case by case basis. In doing so, the Board must take into account the requirements of Listing Rules and the Corporations Act 2001. Currently all Directors are required to be re-elected at least every three years, and at least one-third of Directors must retire at each Annual General Meeting.

This process also includes ongoing evaluation of the performance of the Board and its individuals according to the goals, objectives and primary responsibilities of each director as outlined in the Board of Directors Section.

RESOURCES & ENERGY GROUP LIMITED
CORPORATE GOVERNANCE STATEMENT

Risk Management

The Board is responsible for the Groups system of internal controls. The Board constantly monitors the the operation and financial aspects of the Group's activities and considers the recommendations and advice of external auditors and other external advisers on the operations and financial risks that face the Group .

The Board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the Group has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced personnel.

Due to the Group's current size and extent of operations, the following departures from the Principles of Good Corporate Governance and Best Practice Recommendations have occurred:

- The Group does not have a Chief Financial Officer and therefore statements are not obtained from such persons in relation to Best Practice Recommendation 4.1.

Code of Conduct

As part of the Board's commitment to the highest standards of conduct, the Group adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities.

The code of conduct covers such matters as:

- Responsibilities to shareholders;
- Compliance with laws and regulations;
- Relations with customers and suppliers;
- Ethical responsibilities;
- Employment practices; and
- Responsibilities to the environment and the community.

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PROSPERITY AUDIT SERVICES

Luke Malone
Partner

21 September 2012

Sydney

Sydney

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Prosperity Audit Services
ABN 87 879 283 831



RESOURCES & ENERGY GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

| | Note | 2015 \$ | 2014 \$ |
|---|------|------------------|------------------|
| Revenue from continuing operations | | | |
| Other income | 4 | 4,661 | 18,825 |
| Auditing and accounting fees | | (74,070) | (72,765) |
| Consulting fees | | (143,006) | (2,701) |
| Office expense | | (26,400) | (26,400) |
| Corporate maintenance expenses | | (85,135) | (63,050) |
| Legal costs | | (6,062) | (62,436) |
| Director fees | | (118,800) | (115,800) |
| Finance costs | | (11,880) | (11,880) |
| Impairment of mining rights | 10 | - | (420,648) |
| Write-off of exploration and evaluation assets | 10 | (14,955) | (13,725) |
| Share Based Expenses | | (57,277) | 0 |
| Other expenses from operating activities | | (11,633) | (5,377) |
| Profit / (loss) before income tax expense | | <u>(544,557)</u> | <u>(775,957)</u> |
| Income tax expense | 6 | - | 126,194 |
| Profit / (loss) for the year | | <u>(544,557)</u> | <u>(649,763)</u> |
| Other comprehensive income / (loss) | | | |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income / (loss) for the year | | <u>(544,557)</u> | <u>(649,763)</u> |
| Profit / (loss) is attributable to: | | | |
| - Shareholders of Resource & Energy Group Limited | | (538,653) | (634,479) |
| - Non-controlling interests | | (5,904) | (15,284) |
| | | <u>(544,557)</u> | <u>(649,763)</u> |
| Total comprehensive income / (loss) is attributable to: | | | |
| - Shareholders of Resource & Energy Group Limited | | (538,653) | (634,479) |
| - Non-controlling interests | | (5,904) | (15,284) |
| | | <u>(544,557)</u> | <u>(649,763)</u> |
| Earnings Per Share for profit / (loss) from continuing operations attributable to the ordinary shareholders of the company | | | |
| Basic (cents per share) | 15 | (0.94) | (1.40) |
| Diluted (cents per share) | 15 | (0.94) | (1.40) |
| Earnings Per Share for profit / (loss) attributable to the ordinary shareholders of the company | | | |
| Basic (cents per share) | 15 | (0.94) | (1.40) |
| Diluted (cents per share) | 15 | (0.94) | (1.40) |

This page should be read in conjunction with the accompanying notes.

RESOURCES & ENERGY GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

| | Note | 2015 \$ | 2014 \$ |
|--|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 17 | 202,430 | 318,029 |
| Receivables | 7 | 7,244 | 24,948 |
| TOTAL CURRENT ASSETS | | <u>209,674</u> | <u>342,977</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 30,000 | - |
| Exploration and evaluation assets | 10 | 1,122,393 | 657,621 |
| Deposits and advance - related parties | 7 | - | - |
| Investment in associates | 9 | - | - |
| TOTAL NON-CURRENT ASSETS | | <u>1,152,393</u> | <u>657,621</u> |
| TOTAL ASSETS | | <u>1,362,067</u> | <u>1,000,598</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 49,258 | 126,150 |
| TOTAL CURRENT LIABILITIES | | <u>49,258</u> | <u>126,150</u> |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 12 | 203,125 | 191,245 |
| Deferred tax liability | 13 | 103,250 | 103,250 |
| TOTAL NON-CURRENT LIABILITIES | | <u>306,375</u> | <u>294,495</u> |
| TOTAL LIABILITIES | | <u>355,633</u> | <u>420,645</u> |
| NET ASSETS | | <u>1,006,434</u> | <u>579,953</u> |
| EQUITY | | | |
| Contributed equity | 14 | 11,862,554 | 10,948,793 |
| Reserves | | 57,277 | |
| Accumulated losses | | (13,348,299) | (12,809,646) |
| TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF RESOURCES & ENERGY GROUP LIMITED | | (1,428,468) | (1,860,853) |
| Non-controlling interests | | 2,434,902 | 2,440,806 |
| TOTAL EQUITY | | <u>1,006,434</u> | <u>579,953</u> |

This page should be read in conjunction with the accompanying notes.

RESOURCES & ENERGY GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2015

| | Note | 2015 \$ | 2014 \$ |
|--|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (524,294) | (287,871) |
| Interest received | | 4,661 | 23,183 |
| NET CASH INFLOWS / (OUTFLOWS) FROM OPERATING ACTIVITIES | 17 | <u>(519,633)</u> | <u>(264,688)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Exploration and evaluation costs capitalised | | (479,727) | (280,676) |
| Acquisition of asset | | (30,000) | - |
| NET CASH INFLOWS / (OUTFLOWS) FROM INVESTING ACTIVITIES | | <u>(509,727)</u> | <u>(280,676)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Raising of capital | | 913,761 | - |
| NET CASH INFLOWS / (OUTFLOWS) FROM FINANCING ACTIVITIES | | <u>913,761</u> | <u>-</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (115,599) | (545,364) |
| Cash and cash equivalents at the beginning of the year | | 318,029 | 863,393 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 17 | <u>202,430</u> | <u>318,029</u> |

This page should be read in conjunction with the accompanying notes.

RESOURCES & ENERGY GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

| | Contributed Equity \$ | Options Reserve \$ | Accumulated Losses \$ | Non- controlling interests \$ | Total \$ |
|---|-----------------------------|--------------------------|-----------------------------|--|------------------|
| Balance at 1 July 2013 | 10,948,793 | - | (12,175,167) | 2,456,090 | 1,229,716 |
| Loss for the year | - | - | (634,479) | (15,284) | (649,763) |
| Other Comprehensive Income for the year | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | (634,479) | (15,284) | (649,763) |
| Balance at 30 June 2014 | 10,948,793 | - | (12,809,646) | 2,440,806 | 579,953 |
| Balance at 1 July 2014 | 10,948,793 | - | (12,809,646) | 2,440,806 | 579,953 |
| Loss for the year | - | - | (538,653) | (5,904) | (544,557) |
| Other Comprehensive Income for the year | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | (538,653) | (5,904) | (544,557) |
| Issue of shares | 973,600 | - | - | - | 973,600 |
| Share issue costs | (59,839) | - | - | - | (59,839) |
| Issue of options | - | 57,277 | - | - | 57,277 |
| Total contribution by owners of Company | 913,761 | 57,277 | - | - | 971,038 |
| Balance at 30 June 2015 | 11,862,554 | 57,277 | (13,348,299) | 2,434,902 | 1,006,434 |

This page should be read in conjunction with the accompanying notes.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1. REPORTING ENTITY

Resources & Energy Group Limited (the “Company”) is a company incorporated and domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and the entity it controlled during the year (together referred to as the “Group”).

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:

Resources & Energy Group Limited
Level 33 Colonial Centre
52 Martin Place
SYDNEY NSW 2000

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including Accounting Standards interpretations, adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company also comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were approved by the Board of Directors on 28 September 2015.

(b) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Use of Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

2. BASIS OF PREPARATION (CONTINUED)

expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. All significant areas of estimation uncertainty and critical judgements in applying accounting policies have been disclosed in the following notes to the financial statements.

(d) 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 Directors believe the Group has sufficient cash reserves to meet its debts as and when they fall due over the next 12 months, however it does not have sufficient cash or working capital to fulfill the exploration commitments under its geothermal and mining licences as outlined in note 21. There was a one off acquisition of certain assets for Mount Mackenzie Mines Pty Ltd.

With the progression of the Mount Mackenzie project and the renegotiated consolidated Geothermal licence, the continued process of raising funds through debt or equity have commenced to allow for successful exploration and subsequent exploitation of the company's geothermal and mining tenements.

The Group completed a placement to sophisticated investors to raise \$973,600 in December 2014 for the ongoing operations of the Mount Mackenzie project and geothermal project.

The Directors will further raise capital via debt or equity and have started to put a plan in place to allow for this to happen in the short term.

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; and

(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 Mackenzie exploration assets.

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

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

(b) Further debt or equity will be raised in the near term by the Directors;

(c) After extensive research, the Group has acquired the Mount Mackenzie project, with estimates of gold and silver derived from analysis of recent drilling and historical results;

(c) The Directors are examining other viable alternatives for the Group moving forward.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES

Due to the facts outlined above, there exists significant uncertainty that the Group will not successfully fulfil 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.

Material accounting policies adopted in the preparation of this financial report are presented below.

These accounting policies have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all entities in the Group.

(a) Basis of Consolidation

A controlled entity is any entity controlled by Resources & Energy Group Limited. Control exists where Resources & Energy Group Limited has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

The acquisition method is used to account for business combinations by the Group (refer to 3(e)).

In the Group's financial statements, investments in controlled entities are carried at cost.

All inter-company balances and transactions between entities in the economic entity, including any unrealized unrealized profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their financial statements have included from the date control was obtained or until the date control ceased.

Non-controlling interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Foreign Currency transactions and balance

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. These consolidated financial statements are presented in Australian Dollar, which is the Group's functional currency. The amounts presented in the financial statements have been rounded to the nearest dollar.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continued to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at their fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items that are measured at fair value are recognised as comprehensive income or loss to the extent that the fair value gain or loss is directly recognised as comprehensive income or loss, otherwise the exchange difference is recognised in the profit or loss.

(c) Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income Tax

Current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or settled. Deferred tax is credited in the profit or loss except where it relates to items that may be recognised in other comprehensive income or directly to equity, in which case the deferred tax is adjusted directly in other comprehensive income or against equity. Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that that no adverse change will occur in income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(f) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in the profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

(g) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes:

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

The cash balance included amounts the use of which is restricted or held as security for bank guarantee of \$100,000 (2014 \$100,000).

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Trade and Other receivables

Trade receivables are recognised initially at fair value and subsequently measurement at amortised cost, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit or loss.

(i) Financial Assets

The Group's financial assets include trade and other receivables and loans to related entities. The accounting policy of trade and other receivables is set out in Note 3(h).

The loans to related entities are classified as loans and receivables because they are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market.

Loans and receivables are initially recognised at fair value plus transaction cost and are subsequently carried at amortised cost using the effective interest method.

At each reporting date, the Group assesses whether there is objective evidence that a financial asset has been impaired. Impairment losses are recognised in the profit or loss as the difference between the asset's carrying amount and the present value of estimated cash flows.

(j) Property, Plant and Equipment

The Group's property, plant and equipment include drill equipments and land.

Drill Equipment is measured at historical cost less depreciation.

The costs of drill equipment include its purchase cost plus directly attributable expenditures.

Freehold land is carried at its recoverable amount, based on periodic, but at least triennial, valuations by the directors. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation on drill equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over the estimated useful lives of 10 years.

The assets residual values and useful lives are reviewed at each reporting date, and adjusted, if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

(k) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for geothermal energy resources, gold and copper, as well as the determination of technical feasibility and the assessment of commercial viability of any identified geothermal energy resource.

Exploration and evaluation activity includes:

- Assessing all available geophysical data including gravity, magnetic and seismic and collation of additional data;
- Exploratory drilling; and
- Determining and examining the volume and grade of the resource.

Administration costs that are not directly attributable to a specific exploration area are charged to the profit or loss. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Exploration and evaluation expenditure is capitalised in respect of each identifiable area of interest as the exploration and evaluation activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable geothermal energy sources that are of sufficient scale to support the project concept.

As the asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indication of impairment. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash generating unit) to which the exploration is attributed. When production commences, the assets for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Accumulated exploration and evaluation expenditure in relation to an abandoned area are written-off in full in profit and loss in the period in which the decision of abandon the area is made.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration areas at which reserves have been discovered but that require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is under way or planned. To the extent that capitalised expenditure is not expected to be recovered it is charged to the profit and loss.

Cash flows associated with exploration and evaluation expenditure (comprising both amounts expensed and amounts capitalised) are classified as investing activities in the cash flow statement.

(l) Trade and other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

(n) Share Capital and Dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to the shareholders of the Group, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Critical Accounting Estimates and Judgements:

Impairment Testing

The directors evaluate estimates and judgements incorporated into the financial report based on historical and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Critical estimates and judgements relating to the impairment testing of the assets of the Group are as follows:

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Critical Accounting Estimates and Judgements (continued)

(ii) Collectability of Receivable from Real Brand and Business Pty Limited

Significant uncertainty as to the collectability of the receivable owing from Real Brand and Business Pty Ltd (RBB) still remains as at reporting date. As a result of impairment testing, the directors of the Group consider the carrying value of this receivable as at 30 June 2015 of \$nil (2014: \$nil) as the recoverable value.

In determining the fair value of the investment in and receivable from RBB, the directors have considered the current financial performance and position of RBB, together with future prospects for that entity.

(iii) Significant Uncertainty in relation to Carrying value of Exploration and Evaluation Geothermal Assets

Deep Energy Limited, a 51% owned subsidiary of the Resources & Energy Group Limited originally held 12 exploration licences in South Australia representing the initial fair value of the exploration and evaluation assets acquired in a business combination valued at \$8.6 million. These assets were impaired to a value of \$0.8 million as at 30 June 2012. At this time the company had the intention of obtaining Government approval for a variation to the terms of the licence including the consolidation of geothermal licences (GEL's) being reduced from twelve GEL's to two GEL's.

Six of the active GELs were consolidated into one single GEL and the remaining six were relinquished. Therefore, the directors previously impaired the geothermal licence to a value of \$0.4 million being their assessment of the costs previously capitalised that were related to the relinquished GEL. At 30 June 2015, it was decided by the Board, not to impair the exploration assets any further as the carrying amount of \$0.4 million is reflective of the Directors assessment of the carry value of these assets.

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 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.

The Mount Mackenzie project was acquired by Resources & Energy Group wholly owned subsidiary, Mount Mackenzie Mines Pty Ltd for \$230,000 during the 2014 year. There are no indicators of impairment with respect to this asset as at 30 June 2015.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) New Accounting Standards and Interpretations

A number of new accounting standards and interpretations are effective after 1 July 2014 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

(t) Parent Entity Financial Information

The financial information for the parent entity, Resources & Energy Group Limited, disclosed in Note 25 has been prepared on the same basis as the consolidated financial statements.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

4. REVENUE FROM CONTINUING OPERATIONS

| | 2015 | 2014 |
|---|--------------|---------------|
| | \$ | \$ |
| Revenue from continuing operations | | |
| Interest received from third parties | 4,661 | 18,825 |
| Other | - | - |
| Total revenue | <u>4,661</u> | <u>18,825</u> |

5. AUDITORS REMUNERATION

| | 2015 | 2014 |
|---|---------------|---------------|
| | \$ | \$ |
| Remuneration of the auditor of the parent entity for: | | |
| - auditing or reviewing the financial report | 44,500 | 47,575 |
| | <u>44,500</u> | <u>47,575</u> |

6. INCOME TAX

| | 2015 | 2014 |
|--|-------------|----------------|
| | \$ | \$ |
| The prima facie tax on loss from continuing operations before income tax is reconciled to income tax as follows: | | |
| Prima facie tax receivable / (payable) on loss from continuing operations at 30% (2014:30%) | 163,367 | 232,787 |
| Add: non-assessable items | | |
| Tax effect of deferred tax assets not brought to account | (163,367) | (106,593) |
| Income tax expense attributable to entity | <u>-</u> | <u>126,194</u> |

The directors estimate that the parent entity and its controlled entities have carry-forward income tax losses of approximately \$2,253,055 available to offset against future years' taxable income as stated in the tax returns. The benefits of these losses have not been brought to account as there is no convincing evidence of future taxable profits to offset losses. The benefit will only be obtained if:

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

6. INCOME TAX (CONTINUED)

(i) The parent entity and its controlled entities derives future assessable income of the nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised.

(ii) The parent entity and its controlled entities continue to comply with the conditions for deductibility imposed by the law; and

(iii) No changes in tax legislation adversely affect the parent entity and its controlled entities in realising the benefit from the deductions for the losses.

7. TRADE AND OTHER RECEIVABLES (CURRENT)

| | 2015 | 2014 |
|-------------------------------|--------------|---------------|
| | \$ | \$ |
| Interest receivable | - | 661 |
| Other debtors and prepayments | 7,244 | 24,287 |
| | <u>7,244</u> | <u>24,948</u> |

TRADE AND OTHER RECEIVABLES (NON – CURRENT)

| | 2015 | 2014 |
|---|-------------|-------------|
| | \$ | \$ |
| Deposits and advances – related entities | 125,000 | 125,000 |
| Less: provision for impairment of receivables | (125,000) | (125,000) |
| | <u>-</u> | <u>-</u> |

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

8. PLANT AND EQUIPMENT

| | 2015 | 2014 |
|--------------------------|---------------|-------------|
| | \$ | \$ |
| Land at cost | | |
| At cost | 30,000 | - |
| Accumulated Depreciation | - | - |
| | <u>30,000</u> | <u>-</u> |

Reconciliation of movements

| | 2015 | 2014 |
|---|---------------|-------------|
| | \$ | \$ |
| Land at Cost - Balance at the beginning of the year | - | - |
| Additions | 30,000 | - |
| Depreciation charge | - | - |
| Balance at the end of the year | <u>30,000</u> | <u>-</u> |

9. OTHER FINANCIAL ASSETS (NON-CURRENT)

| | 2015 | 2014 |
|---------------------------------|-------------|-------------|
| | \$ | \$ |
| Investment in associate | 100,000 | 100,000 |
| Provision for impairment losses | (100,000) | (100,000) |
| | <u>-</u> | <u>-</u> |

These financial assets are carried at cost.

Refer to Note 3(r) for critical accounting estimates and judgements used in determining fair value and any potential impairment assessment of this asset.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

10. EXPLORATION AND EVALUATION ASSETS

| | 2015 | 2014 |
|---|-------------------------|-----------------------|
| | \$ | \$ |
| Exploration and evaluation assets | | |
| Geothermal Assets | | |
| - At cost | 8,673,317 | 8,684,356 |
| - Accumulated amortisation and impairment | <u>(8,264,500)</u> | <u>(8,264,500)</u> |
| | <u>408,817</u> | <u>419,856</u> |
| Other Mining Assets | | |
| - At cost | 713,575 | 237,765 |
| - Accumulated amortisation and impairment | <u>-</u> | <u>-</u> |
| | <u>713,575</u> | <u>237,765</u> |
| Total Exploration and evaluation assets | <u><u>1,122,392</u></u> | <u><u>657,621</u></u> |

Reconciliation of movements

Geothermal Assets

| | 2015 | 2014 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Balance at the beginning of the year | 419,856 | 811,318 |
| Additions | 3,956 | 42,911 |
| Impairment - mining rights | - | (420,648) |
| Write off of exploration and evaluation assets | <u>(14,995)</u> | <u>(13,725)</u> |
| Balance at the end of the year | <u><u>408,817</u></u> | <u><u>419,856</u></u> |

Other Mining Assets

| | 2015 | 2014 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Balance at the beginning of the year | 237,765 | - |
| Additions | 475,810 | 237,765 |
| Impairment - mining rights | - | - |
| Write off of exploration and evaluation assets | - | - |
| Other | <u>-</u> | <u>-</u> |
| Balance at the end of the year | <u><u>713,575</u></u> | <u><u>237,765</u></u> |

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

Capitalised expenditures amounting to \$464,772 (2014: \$280,676) have been included in cash flows from investing activities in the cash flow statement at 30 June 2015. The uranium applications have been abandoned and \$14,995 of capitalised expenses have been written off to the profit and loss and balance of \$3,960 of uranium expenses was charged directly to the profit and loss.

RESOURCES & ENERGY GROUP LIMITED
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for the year ended 30 June 2015

Deep Energy Pty Limited, a 51% owned subsidiary of the Resources & Energy Group Limited previously held 12 exploration licences in South Australia representing the initial fair value on acquisition of this subsidiary of the exploration and evaluation assets of \$8.7 million. These assets were impaired to a value of \$0.8 million as at 30 June 2012. At this time the company had the intention of obtaining Government approval for a variation to the terms of the licence including the consolidation of geothermal licences (GEL's) being reduced from twelve GEL's to two GEL's.

In the previous year, six of the exploration licences were relinquished and the remaining six active exploration licences were consolidated into a single licence (GEL). It was decided by the Board, to impair the exploration assets to \$0.4 million, being reflective of the Directors assessment of the carrying value of these assets. The Directors have impaired the capitalised costs associated with the licences relinquished.

Notwithstanding the rationalisation of the geothermal assets and associated impairment charge recognised, 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 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.

As such the Directors are unable to reliably measure the extent of any further impairment which may exist in relation to exploration and evaluation assets as at 30 June 2015.

Notwithstanding the Directors are unable to reliably estimate the carrying value of these assets, they have not made any decision to abandon or discontinue the work program for the exploration assets as at the date of this report.

The Mount Mackenzie Project, consisting of three exploration permits for Minerals (EPM10006, EPM12546 and EPM 17515). The exploration and development expenditure will continue to be capitalised, as the company completes analytical work. From historical and recent analysis, resource estimates have been confirmed and therefore no impairment with respect to this asset as at 30 June 2015.

11. PAYABLES

| | 2015 | 2014 |
|-------------------------------|---------------|----------------|
| | \$ | \$ |
| Trade creditors | 17,398 | 91,268 |
| Sundry creditors and accruals | 31,860 | 34,882 |
| | <u>49,258</u> | <u>126,150</u> |

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

12. BORROWINGS

| | 2015 | 2014 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Borrowings - related parties | 203,125 | 191,245 |
| | <u>203,125</u> | <u>191,245</u> |

Further information relating to loans from related parties is set out in Note 16.

13. DEFERRED TAX LIABILITIES

| | 2015 | 2014 |
|--|----------------|----------------|
| | \$ | \$ |
| The balance comprises temporary differences attributable to: | | |
| Exploration and evaluation assets | <u>103,250</u> | <u>103,250</u> |

Reconciliation of movements

| | 2015 | 2014 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Balance at the beginning of the year | 103,250 | 229,444 |
| tax effect of: | | |
| Impairment expense | - | (126,194) |
| Balance at the end of the year | <u>103,250</u> | <u>103,250</u> |

14. SHARE CAPITAL

Ordinary Shares

| | 2015 | | 2014 | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Number | \$ | Number | \$ |
| Ordinary shares at 30 June | 69,682,306 | 11,862,554 | 45,342,306 | 10,948,793 |
| Opening Balance as at 1 July | 45,342,306 | 10,948,793 | 45,342,306 | 10,948,793 |
| Placement issue | 24,340,000 | 973,600 | 0 | 0 |
| Less: Transaction costs of issue | 0 | (59,839) | 0 | 0 |
| Closing Balance at 30 June | <u>69,682,306</u> | <u>11,862,554</u> | <u>45,342,306</u> | <u>10,948,793</u> |

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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Ordinary Shares

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.

2015

On 23 December 2014, Resources & Energy Group Ltd completed a placement to sophisticated investors to raise \$973,600 for the ongoing operations and administration of the company including the development of the geothermal project in South Australia and the development of the Mount Mackenzie project in Queensland.

2014

There were no movements in share capital during the year ended 30 June 2014.

Options

| | 2015 | 2014 |
|---|-------------------------|-----------------|
| | \$ | \$ |
| Options A – Exercisable at 0.05c, expiry date 31-December-2017 | | |
| Opening Balance | - | - |
| Issued | <u>2,000,000</u> | - |
| Closing Balance | <u><u>2,000,000</u></u> | <u><u>-</u></u> |
| Options B – Exercisable at 0.05c, expiry date 31-December-2018 | | |
| Opening Balance | - | - |
| Issued | <u>2,000,000</u> | - |
| Closing Balance | <u><u>2,000,000</u></u> | <u><u>-</u></u> |
| Options C – Exercisable at 0.06c, expiry date 31-December-2018 | | |
| Opening Balance | - | - |
| Issued | <u>1,000,000</u> | - |
| Closing Balance | <u><u>1,000,000</u></u> | <u><u>-</u></u> |

On 28 November 2014, Options were approved at the AGM to issue 4,000,000 options, consisting of 2,000,000 Class A options and 2,000,000 Class B options, in consideration for services provided by consultants involved in assisting with the acquisition of the Mount Mackenzie project (including corporate advisory and associated services).

RESOURCES & ENERGY GROUP LIMITED
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for the year ended 30 June 2015

Class C options were also issued during the 2015 year to consultants in consideration for assistance with locating and referring projects for review.

Included under the share based expense under the consolidated statement of comprehensive income statement is \$57,277 (Jun 2014: nil) and relates in full to equity settled share based payment transaction. The options have been valued in accordance with a binomial American option pricing model and a trinomial call option pricing model.

Capital Risk Management

The economic entity and parent entity's objectives when managing capital is to safeguard its ability to continue as a going concern. In order to maintain or adjust the capital structure, the Group may issue new shares or return capital to shareholders.

The Group's strategy, which is unchanged from 2015 was to maintain a sufficient level of cash to meet its obligations, to pay its debts as and when they fall due.

15. ASSET BACKING AND EARNINGS PER SHARE

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Continuing Operations | | |
| Net tangible asset backing (cents per share) | (0.17) | (0.17) |
| Basic earnings / (loss) per share (cents per share) | (0.94) | (1.40) |
| Diluted earning / (loss) per share (cents per share) | <u>(0.94)</u> | <u>(1.40)</u> |
| Earnings used in calculation of earnings per share | (538,653) | (634,479) |
| Ordinary shares as at 30 June | 69,682,306 | 45,342,306 |
| Weighted average number of ordinary shares on issue used in calculation of basic earnings per share (a) | 57,512,306 | 45,342,306 |
| Adjustment for calculation of diluted earning per share – options (b) | <u>-</u> | <u>-</u> |
| Weighted number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share. | <u>57,512,306</u> | <u>45,342,306</u> |

(a) The number of ordinary shares on issue prior to the capital consolidation is adjusted in accordance with the proportional change in the number of outstanding ordinary shares after the capital consolidation as if the event had occurred at the beginning of the year. Accordingly, the comparative figure for the weighted average number of shares in prior year is restated for the capital consolidation.

(b) As the weighted average price of ordinary shares for the year 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 shares.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

16. DIRECTORS AND DIRECTOR RELATED PARTIES

(a) Compensation of Key Management Personnel

| | 2015 | 2014 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Directors fees | 118,800 | 115,800 |
| Post employment benefits | - | - |
| Other long-term benefits | - | - |
| Share based payments | - | - |
| Total | <u>118,800</u> | <u>115,800</u> |

The key management personnel are the directors. Except as disclosed, there are no other persons considered as key management personnel.

Detailed remuneration disclosures are provided in the remuneration report on pages 11 to 12.

(b) Directors equity holdings (including relevant interests)

(i) Share holdings

The number of shares in the company held during the financial year by each director including their personally related parties, are set out below. There were no shares granted during the year as compensation.

| 2015 | Balance | Share | Change/ | Balance |
|------------------------|--------------------|----------------------|-------------------|---------------------|
| | 1 July 2014 | Consolidation | Adjustment | 30 June 2015 |
| Ordinary Shares | | | | |
| V Bruce | 50,000 | - | - | 50,000 |
| R Poole | 8,885,600 | - | - | 8,885,600 |
| M Hogg | - | - | - | - |

| 2014 | Balance | Share | Change/ | Balance |
|------------------------|--------------------|----------------------|-------------------|---------------------|
| | 1 July 2013 | Consolidation | Adjustment | 30 June 2014 |
| Ordinary Shares | | | | |
| V Bruce | 50,000 | - | - | 50,000 |
| R Poole | 3,385,600 | - | 5,500,000 | 8,885,600 |
| M Hogg | - | - | - | - |

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

(ii) Option holdings

There were no options held during the financial year for the directors.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(i) Balances

| | 2015 | 2014 |
|---------------------------------|----------------|----------------|
| | \$ | \$ |
| Receivables (Note 7) | | |
| Real Brand and Business Pty Ltd | <u>125,000</u> | <u>125,000</u> |
| | | |
| Borrowings (see Note 12) | | |
| Amanda Poole | <u>203,125</u> | <u>191,245</u> |
| | <u>203,125</u> | <u>191,245</u> |

(ii) Transactions

- (a) Mr Richard Poole is a director of Arthur Phillip Pty Limited. During the period, Arthur Phillip Pty Limited has provided accounting, office administration, consulting and company secretarial services to the Company, amounting to \$75,900 (2014: \$75,900).
- (d) Amanda Poole, a related party of Mr Richard Poole had advanced \$144,000 to Deep Energy Ltd, the subsidiary. The unsecured borrowing bears annual interest at 8.25% and total interest of the borrowing amounted to \$11,880 (2014: \$11,880) for the current financial year.

Aggregate amounts included in the determination of loss from continuing operations before income tax that result from transactions with related parties are as follows:

| | 2015 | 2014 |
|------------------|----------------|----------------|
| | \$ | \$ |
| Fees and charges | <u>182,330</u> | <u>188,189</u> |
| | <u>182,330</u> | <u>188,189</u> |

Remuneration practices

Under the ASX Listing Rules, the maximum fee payable to directors, except non executive directors, may not be increased without prior approval from the Company at a general meeting. Non-executive directors must be paid a fixed sum – the Board has set the amount payable to Non-Executive directors in aggregate at \$200,000 per annum.

Presently, Richard Poole is entitled to \$52,800. Virginia Bruce is entitled to receive \$36,000 per annum. Michael Hogg is entitled to \$30,000 per annum.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

16. DIRECTORS AND DIRECTOR RELATED PARTIES (CONTINUED)

No non-executive director shall be paid a commission or a percentage of profits or a commission on a percentage of operating revenue, and no executive director shall be paid a commission of operating revenue.

If a Director, being willing, is called on to perform extra services, or to make any special exertions in going or residing abroad or otherwise for the Group, the Group may remunerate that director by payment of a fixed sum determined by the Board and that remuneration may be either in addition to or in substitution for that directors share in the fixed pool of funds available to the directors.

Each director may also be paid all travelling and other expenses properly incurred by them in attending, participating in and returning from meetings of the Board or any committee of the Board or general meetings of the Group or otherwise in connection with the business of the Group.

17. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Net profit / (loss) from continuing operations after Income Tax | (544,557) | (649,763) |
| Non Cash Items | | |
| Share Based Expenses | 57,277 | - |
| Impairment/write off of mining rights and exploration costs | 14,955 | 434,373 |
| Accrued interest | - | (661) |
| Changes in operating assets and liabilities, net of effects from purchase of controlled entity: | | |
| Decrease/(Increase) in receivables | 17,704 | (15,344) |
| (Decrease)/Increase in payables and deferred taxes | (76,891) | (33,293) |
| (Decrease)/Increase in other liabilities | 11,879 | - |
| Net cash (used in) operating activities | <u>(519,633)</u> | <u>(264,688)</u> |
| Cash and Cash Equivalents | <u>202,430</u> | <u>318,029</u> |

18. SHARE-BASED PAYMENTS

There were 5 million options issued during the year ended 30 June 2015. A share based expense of \$57,277 was charged to the profit and loss during the current year.

19. DIVIDENDS

No dividends have been declared or paid during the year ended 30 June 2015 or in the prior period, and the directors do not recommend the payment of a dividend in respect of the year ended 30 June 2015.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

20. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstances have arisen in the interval since 30 June 2015 and up to the date of this report, that in the option of the directors has significantly affected or may significantly affect the operations of the Group, the results of those operations or state of affairs of the Group in future financial years other than:

On 7 September 2015, the Company announced the resource estimates of 100,000 oz of gold and 624,000 oz of silver derived from analysis of recent drilling and historical results from the Mount Mackenzie Project. These estimates were prepared and reported under the JORC 2012 code.

21. TENEMENT LEASE COMMITMENTS

Deep Energy holds one single Geothermal Exploration Licence at the end of 30 June 2015.

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Minimum Expenditure commitment on Geothermal tenement leases | | |
| Committed but not provided for and payable: | | |
| Within one year | 340,000 | 270,000 |
| One year or later and no later than for five years | 1,187,000 | 1,527,000 |
| Later than five years | - | - |
| | <u>1,527,000</u> | <u>1,797,000</u> |

Mount Mackenzie Mines acquired three exploration mineral licences (EPM) at the end of 30 June 2015.

| | 2015 | 2014 |
|--|------------------|------------------|
| | \$ | \$ |
| Minimum Expenditure commitment on other tenement leases | | |
| Committed but not provided for and payable: | | |
| Within one year | 2,150,000 | 130,000 |
| One year or later and no later than for five years | 4,500,000 | 9,790,000 |
| Later than five years | - | - |
| | <u>6,650,000</u> | <u>9,920,000</u> |

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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22. SEGMENT REPORTING

The Group has two reportable segments as at 30 June 2015.

One reportable segment is the exploration of geothermal energy in South Australia. The other reportable segment is 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.

| 2015 | Exploration & Drilling for geothermal energy | Exploration & Drilling for copper and gold | Unallocated | Total |
|---|---|---|--------------------|--------------|
| Revenue | | | | |
| Segment Revenue | 3,300 | - | 1,361 | 4,661 |
| Depreciation | - | - | - | 0 |
| Impairment | - | - | - | 0 |
| Loss after income tax (a) | 12,262 | 10,458 | 521,837 | 544,557 |
| Segment total assets (b) | 413,218 | 751,057 | 197,792 | 1,362,067 |
| Segment total liabilities | 204,618 | 3,656 | 147,359 | 355,633 |
| Cash flow information | | | | |
| Net cash inflows/(outflows) from operating activities | (2,989) | (10,458) | (506,186) | (519,633) |
| Net cash inflows/(outflows) from investing activities | (3,866) | (490,906) | 0 | (494,772) |
| Net cash inflows/(outflows) from financing activities | (6,918) | 496,993 | 423,686 | 913,761 |

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

22. SEGMENT REPORTING (CONTINUED)

| 2014 | Exploration & Drilling for geothermal energy | Exploration & Drilling for copper and gold | Unallocated | Total |
|---|---|---|--------------------|--------------|
| Revenue | | | | |
| Segment Revenue | 3,750 | - | 15,075 | 18,825 |
| Depreciation | | | | |
| | - | - | - | - |
| Impairment | | | | |
| | 420,648 | - | - | 420,648 |
| Loss after income tax (a) | | | | |
| | (326,196) | (701) | (322,866) | (649,763) |
| Segment total assets (b) | | | | |
| | 527,626 | 260,865 | 212,107 | 1,000,598 |
| Segment total liabilities | | | | |
| | 220,797 | - | 199,848 | 420,645 |
| Cash flow information | | | | |
| Net cash inflows/(outflows) from operating activities | (23,394) | (701) | (240,594) | (264,689) |
| Net cash inflows/(outflows) from investing activities | (42,811) | (237,765) | (100) | (280,676) |
| Net cash inflows/(outflows) from financing activities | - | - | - | - |

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 profit for the year is provided as follows:

| | 2015 | 2014 |
|----------------------|------------------|------------------|
| | \$ | \$ |
| Total loss after tax | <u>(544,557)</u> | <u>(649,763)</u> |

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

22. SEGMENT REPORTING (CONTINUED)

(b) Segment assets

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

| | 2015 | 2014 |
|---------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Segment assets | 2,867,166 | 2,505,698 |
| Inter-segment elimination | <u>(1,505,100)</u> | <u>(1,505,100)</u> |
| Total assets as per the balance sheet | <u><u>1,362,066</u></u> | <u><u>1,000,598</u></u> |

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

(c) Segment liabilities

Reportable segment's liabilities are reconciled to total liabilities as follows:

| | 2015 | 2014 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Segment liabilities | 1,375,310 | 950,247 |
| Inter-segment elimination | <u>(1,019,677)</u> | <u>(529,602)</u> |
| Total liabilities as per the balance sheet | <u><u>355,633</u></u> | <u><u>420,645</u></u> |

23. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries and loans to related parties. The totals for each category of financial instruments, are as follows:

| | Note | 2015 | 2014 |
|--|-------------|-----------------------|-----------------------|
| | | \$ | \$ |
| Financial assets | | | |
| Cash and cash equivalents | 17 | 202,430 | 318,029 |
| Loans and receivables | 7 | <u>7,244</u> | <u>24,948</u> |
| Total financial assets | | <u><u>209,674</u></u> | <u><u>342,977</u></u> |
| Financial liabilities | | | |
| Financial liabilities at amortised cost: | | | |
| – trade and other payables | 11 | 49,258 | 126,150 |
| – borrowings | 12 | <u>203,125</u> | <u>191,245</u> |
| Total financial liabilities | | <u><u>252,383</u></u> | <u><u>317,395</u></u> |

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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23. FINANCIAL INSTRUMENTS (CONTINUED)

The nature of the operation of the Group does not result in substantial financial risk. The assessed risks lie primarily in credit risk, liquidity risk and interest rate risk. The directors consider that the limited risks means there is no need to enter into risk management strategy involving derivative instruments.

There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk exposures

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group's financial assets include trade and other receivables and loans to related entities.

The maximum exposure to credit risk on financial assets of the consolidated entity which has been recognised on the balance sheets, other than investments in shares is generally the carrying amount, net of any provisions for doubtful debts.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. The Group's financial assets are limited to credit risk exposures to Australia on a geographical basis.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality,

Trade and sundry receivables are expected to be received as follows:

| | 2015 | 2015 | 2014 | 2014 |
|--------------------|----------------|-------------------|----------------|-------------------|
| | Gross | Impairment | Gross | Impairment |
| | \$ | \$ | \$ | \$ |
| Less than 6 months | 7,244 | - | 24,948 | - |
| Over 6 months | 125,000 | 125,000 | 125,000 | 125,000 |
| | <u>132,244</u> | <u>125,000</u> | <u>149,948</u> | <u>125,000</u> |

The impairment loss at 30 June 2015 relates to the \$125,000 of receivable from Real Brand and Business Pty Limited given the uncertainty as to its collectability. See note 3(r) for further details. This amount was written off in the 2008 financial year.

All other receivables are expected to be collected within 6 months from balance date.

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

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23. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk related to balances with banks and other financial institutions is managed by the directors in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

| | | 2015 | 2014 |
|----------------------------|----|----------------|----------------|
| | | \$ | \$ |
| Cash and cash equivalents: | | | |
| - AA rated | 17 | <u>202,430</u> | <u>318,029</u> |

(b) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as changes in interest rates will impact the future cash flows from these assets and liabilities. The Group intends to invest all surplus cash assets in term deposits which bear fixed interest rates.

| | Rate* | Floating interest rate | Fixed 1 year or less | Non-interest bearing | Total |
|-----------------------------|-------|---------------------------|-------------------------|-------------------------|----------------|
| 2015 | | | | | |
| Financial assets | | | | | |
| Cash and Deposits | 2.40% | 202,430 | - | - | 202,430 |
| Receivables | 0% | - | - | 7,244 | 7,244 |
| Total Financial Assets | | <u>202,430</u> | - | <u>7,244</u> | <u>209,674</u> |
| Financial Liabilities | | | | | |
| Trade and Other creditors | 0% | - | - | 49,258 | 49,258 |
| Borrowings | 8.25% | - | 203,125 | - | 203,125 |
| Total financial liabilities | | - | <u>203,125</u> | <u>49,258</u> | <u>252,383</u> |

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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23. FINANCIAL INSTRUMENTS (CONTINUED)

| | Rate* | Floating interest rate | Fixed 1 year or less | Non-interest bearing | Total |
|-----------------------------|-------|---------------------------|-------------------------|-------------------------|---------|
| 2014 | | | | | |
| Financial assets | | | | | |
| Cash and Deposits | 4.21% | 88,029 | 230,000 | - | 318,029 |
| Receivables | 0% | - | - | 24,948 | 24,948 |
| Total Financial Assets | | 88,029 | 230,000 | 24,948 | 342,977 |
| Financial Liabilities | | | | | |
| Trade and Other creditors | 0% | - | - | 126,150 | 126,150 |
| Borrowings | 8.25% | - | 191,245 | - | 191,245 |
| Total financial liabilities | | - | 191,245 | 126,150 | 317,395 |

* Weighted average rate of return

Receivables and payables bears no interest and are not subject to substantial interest rate risk due to their short-term nature.

(c) Interest Rate Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

| | 2015 | 2014 |
|-----------------------------------|-------|-------|
| | \$ | \$ |
| Change in profit | | |
| - Increase in interest rate by 5% | 242 | 572 |
| - Decrease in interest rate by 5% | (242) | (572) |
| Change in equity | | |
| - Increase in interest rate by 5% | 242 | 572 |
| - Decrease in interest rate by 5% | (242) | (572) |

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

23. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash, term deposits and committed available credit lines.

The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis. The Group has established comprehensive risk reporting covering its operations that reflect expectations of management of the expected settlement of financial assets and liabilities.

Management believes that the liquidity risk is minimal at 30 June 2015 as the Group held sufficient cash to repay its liabilities.

(e) Financial liability and financial asset maturity analysis

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation.

Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

| | Within 1 Year | | 1 to 5 Year | | Over 5 years | | Total | |
|--|---------------|---------|-------------|------|--------------|------|----------|---------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Consolidated Group | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial liabilities due for payment | | | | | | | | |
| Trade & other payables | 49,258 | 126,150 | - | - | - | - | 49,258 | 126,150 |
| Amounts payable to related parties | - | 191,245 | 203,125 | - | - | - | 203,125 | 191,245 |
| Total contractual outflows | 49,258 | 317,395 | 203,125 | - | - | - | 252,383 | 317,395 |
| Total Expected outflows | 49,258 | 317,395 | 203,125 | - | - | - | 252,383 | 317,395 |
| Financial assets - cash flows realisable | | | | | | | | |
| Cash and cash equivalent | 202,430 | 318,029 | - | - | - | - | 202,430 | 318,029 |
| Receivables | 7,244 | 24,948 | - | - | - | - | 7,244 | 24,948 |
| Total anticipated inflows | 209,674 | 342,977 | - | - | - | - | 209,674 | 342,977 |
| Net (outflow)/inflow | 160,416 | 25,582 | (203,125) | - | - | - | (42,709) | 25,582 |

RESOURCES & ENERGY GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

24. SUBSIDIARIES

| Name of entity | Country of incorporation | Class of shares | Equity holding | |
|-------------------------------|--------------------------|-----------------|----------------|-----------|
| | | | 2015 % | 2014 % |
| Deep Energy Pty Ltd | Australia | Ordinary | 51.85 | 51.85 |
| Mount Mackenzie Mines Pty Ltd | Australia | Ordinary | 100 | 100 |

25. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

| | 2015 \$ | 2014 \$ |
|--|--------------------|--------------------|
| Balance Sheet | | |
| Current Assets | 97,792 | 212,105 |
| Total Assets | 2,622,569 | 2,246,808 |
| Current Liabilities | 44,109 | 117,548 |
| Total Liabilities | 44,109 | 117,548 |
| Net Assets | <u>2,578,460</u> | <u>2,129,260</u> |
| Shareholders's contributed equity | 11,919,830 | 10,948,793 |
| Accumulated Losses | <u>(9,341,370)</u> | <u>(8,819,533)</u> |
| | <u>2,578,460</u> | <u>2,129,260</u> |
| Profit or Loss for the year | | |
| Total Comprehensive income/(loss) for the year | <u>(521,837)</u> | <u>(322,866)</u> |

(b) Contingent Liabilities of the Parent

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2015.

(c) Commitments

The parent entity did not have any contractual commitments as at 30 June 2014 or 30 June 2015, as all expenditure committed for mining tenements are in its subsidiaries.

RESOURCES & ENERGY GROUP LIMITED
DIRECTORS' DECLARATION

for the year ended 30 June 2015

The directors of the Group declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a).
2. in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors



RJ Poole
Chairman

Sydney, 28 September 2015

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RESOURCES & ENERGY GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2012

Report on the Financial Report

We have audited the accompanying financial report of Resources & Energy Group Limited (the company) and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both Resources & Energy Group Limited and Controlled Entities (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Standards Legislation.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RESOURCES & ENERGY GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2012 (continued)**

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is included on page 20 of the financial report.

Auditor's Opinion

In our opinion, the financial report of Resources & Energy Group Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- iii. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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

Without modifying our opinion, we draw attention to Note 2(d) which indicates that there is uncertainty with respect to the company being able to meet its expenditure commitments under the terms of its current tenement licenses. These conditions, along with other matters as set forth in Note 2(d), 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RESOURCES & ENERGY GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2012 (continued)**

Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 13 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the remuneration report of Resources & Energy Group Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

PROSPERITY AUDIT SERVICES

Luke Malone
Partner

21 September 2012

Sydney

RESOURCES & ENERGY GROUP LIMITED AND CONTROLLED ENTITY
ADDITIONAL INFORMATION

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited.

1. SHAREHOLDER INFORMATION

(a) Distribution of holders as at 28 September 2015

| | | | Fully Paid |
|---------------------------------------|-----|---------|--------------------------|
| | | | ordinary shares |
| | | | Number of Holders |
| Distribution is: | | | |
| 1 | - | 1,000 | 5 |
| 1,001 | - | 5,000 | 146 |
| 5,001 | - | 10,000 | 63 |
| 10,001 | - | 100,000 | 98 |
| 100,001 | and | Over | 48 |
| | | | <hr/> 360 |
| Holding less than a marketable parcel | | | <hr/> 151 |

(b) Substantial shareholders as at 28 September 2015

The Company's register of substantial shareholders (Form 604) shows the following:

| Shareholder | Number of shares | % |
|--------------------|-------------------------|----------|
| Richard Poole | 8,885,600 | 12.75% |
| Terra Capital | 8,750,000 | 11.16% |

(c) Voting rights

There are no restrictions on voting rights attached to the ordinary shares. On a show of hands every member present in person shall have one vote and upon a poll, every member present or by proxy shall have one vote every share held.

(d) Restricted Securities

There are no restricted fully paid ordinary shares at 30 June 2015.

RESOURCES & ENERGY GROUP LIMITED AND CONTROLLED ENTITY
ADDITIONAL INFORMATION (CONT)

(g) **Top Twenty Shareholders as at 28 September 2015**

| | Name | Number of Shares | % of Issued Shares |
|----|--|-------------------------|---------------------------|
| 1 | ARTHUR PHILLIP NOMINEES PTY LTD | 13,554,127 | 19.451 |
| 2 | J P MORGAN NOMINEES AUSTRALIA LIMITED | 8,750,000 | 12.557 |
| 3 | ARTHUR PHILLIP NOMINEES PTY LTD | 3,472,900 | 4.984 |
| 4 | MR PAUL HEALEY | 3,000,000 | 4.305 |
| 5 | UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD | 2,540,000 | 3.645 |
| 6 | MAC DRILL PTY LTD | 2,500,000 | 3.588 |
| 7 | WILSHIRE CAPITAL PARTNERS PTY LTD | 2,478,005 | 3.556 |
| 8 | GAFFWICK PTY LIMITED | 2,083,334 | 2.990 |
| 9 | RIVERBEND INVESTMENTS PTY LTD | 2,083,334 | 2.990 |
| 10 | SANJUR PTY LIMITED | 1,912,036 | 2.744 |
| 11 | GAFFWICK PTY LIMITED | 1,750,000 | 2.511 |
| 12 | GAFFWICK PTY LTD | 1,500,000 | 2.153 |
| 13 | HAXBY PTY LTD <POOLE SUPER FUND A/C> | 1,330,600 | 1.910 |
| 14 | MR JOHN CHARLES ATKINSON & MS SUSAN ELIZABETH HANRAHAN <HANI | 1,250,000 | 1.794 |
| 15 | MR JOHN MCGUIGAN & MRS RONDEL MCGUIGAN <KIRKOSWALD SUPER F | 1,250,000 | 1.794 |
| 16 | LARCA PTY LIMITED | 1,166,666 | 1.674 |
| 17 | MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED | 1,054,000 | 1.513 |
| 18 | ARTHUR PHILLIP NOMINEES PTY LTD | 1,032,480 | 1.482 |
| 19 | JAMSTEP HOLDINGS PTY LTD | 1,000,000 | 1.435 |
| 20 | MINERVA GEOLOGICAL SERVICES PTY LTD | 1,000,000 | 1.103 |