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ABN: 89 122 203 196

30 Oct 2015

Quarterly Activities Report

Binding Heads of Agreement with Xped Holdings Ltd

As announced on 26th October Raya entered into a binding Heads of Agreement (**HOA**) with the key shareholders of Xped Holdings Ltd (**Xped**) to acquire all of the issued capital in Xped. Under the HOA, the remaining shareholders who hold 4.4% of Xped are expected to sign documentation by 3 November 2015, which will provide RYG with a right to then acquire 100%.

The Company is of the view that the acquisition of Xped will create a significant opportunity for both Raya Group and Xped stakeholders, enabling Xped to become a major force in the lucrative "INTERNET OF THINGS" (**IoT**) market.

Due Diligence period begins following the execution of the HOA and the market will be kept informed as the Company progresses this opportunity.

Purchase and Sale Agreement with Pryme Energy Ltd

On 1st July 2015 Pryme issued 100,000,000 fully paid ordinary shares and \$250,000 AUD cash payment to Raya as part of Tranche 1 consideration under the Purchase and Sale Agreement of Raya's USA oil/gas assets.

The consideration payments of \$350,000 for Tranche 2 and 3 combined, will become due to Raya at the success of the first 2 wells drilled in the Total Acreage on the basis they each are equal to or greater than 31 Mbo of oil and 200 MMcf of natural gas "gross" proved producing developed 1P certified reserves by Pinnacle Energy Services L.L.C.

During the quarter Raya acquired a further 35,014,214 Pryme listed shares (PYM) to bring the total holding to 135,014,214 listed shares.

On 12th October the Company sold its entire holding in Pryme Energy via on market trades and received funds totalling \$667,000 after brokerage. The timing and disposal of the Pryme investment followed an opportunity to progress an acquisition opportunity with Xped Holdings.

Update on Current Projects

Sokoria Geothermal Project

The Company currently is awaiting approval from PLN on the Transmission Line Study tariff proposal for the Sokoria Geothermal Project with negotiations still ongoing.

During the quarter Raya and Bakrie met in Jakarta with a large power group from Europe to discuss potential involvement with the Sokoria Project. Whilst the discussions are still early with this party they hold all the capabilities to develop and fund the project from start to finish. They will continue to review Sokoria and other projects in the region and will advise their intentions when ready.

All other in-country works have been put on hold.

Australian Geothermal Projects

No other direct works were completed on any of the Australian tenements during the quarter, other than in respect of licence renewals and the like to ensure that all of these tenements remain in good standing.

Corporate

Share Registry

Raya changed its Share Registry provider to Automic Registry Services for shareholders on 20th July. The Automic proposal presented an ongoing saving to the company for this administration service and continues to add to recent cost reductions implemented.

Extraordinary General Meeting

On the 24th September an Extraordinary General Meeting (“EGM”) was held to consider a number of resolutions to shareholders.

The Company is pleased to advise all resolutions were passed in favour.

Director Resignation

The Company advised on 22nd October that Daniel Lanskey has retired from the board.

2015 FY Financial Statements

The company recently engaged Pitcher Partners as independent auditor for the financial report of Raya Group Limited for the year ended 30 June 2015.

Raya will be holding its Annual General Meeting on 25th November to table the Financial Report before shareholders.

Mining Tenements held at the end of the Quarter:

Australia

Penola Trough: Areas GEL 223 area in the south-east of South Australia. These tenements are 100% owned by the Raya Group.

Limestone Coast: Areas GEL 611 area in the south-east of South Australia. These tenements are all 100% owned by the Raya Group.

Indonesia

Sokoria Geothermal Project: a Joint Venture with PT Bakrie Power, for a 30 MW geothermal development on Flores Island, Indonesia, with Raya holding a 45% interest in the project.

Ngebek Geothermal Project: a Joint Venture with PT Bakrie Power, for a 165 MW geothermal development on East Java, Indonesia, with Raya earning into a 35% interest in the project.

Dairi Prima Geothermal Project: a Joint Venture with PT Bakrie Power, for a 25 MW geothermal development in Northern Sumatra, Indonesia, with Raya holding a 51% interest in the project.

USA

Nil

Mining Tenements disposed of during the Quarter:

2,300 net acres in Northern Oklahoma were sold to Pryme Energy Limited

Finance and Administration

Cash Holdings

At the end of the quarter, the Company's cash position stood at approximately \$366,000

The company also received a further \$667,000 cash payment on 15th October from sale of Pryme shares.

Equity Holdings

The company disposed of its equity investment in Pryme Energy (ASX:PYM) and currently does not hold any shares.

HSEC

During the quarter under review, there were no reportable incidents relating to health, safety or community related matters.

Shareholdings

As at the date of this report, the following table represents the total equity instruments on issue in Raya Group Limited:

Equity Category	Details	Number on Issue
Listed Ordinary Shares	<u>ASX : RYG</u>	640,000,000
Listed Options	ASX : RYGOB Strike Price of \$0.015 Expiry 21 July 2016	389,716,667
Unlisted Options	Strike Prices from \$0.50 to \$3.00 Expiring Dec 2016	1,100,000

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

Raya Group Limited

ABN

ABN 89 122 203 196

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(19) (215)	(19) (215)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid		
1.7 Other (Rand D Rebate received)	-	-
Net Operating Cash Flows	(233)	(233)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- (163)	- (163)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	250	250
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	87	87
1.13 Total operating and investing cash flows (carried forward)	(146)	(146)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(146)	(146)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	26	26
1.17	Repayment of borrowings	(24)	(24)
1.18	Dividends paid		
1.19	Other (Share issue costs)	(4)	(4)
	Net financing cash flows	(2)	(2)
	Net increase (decrease) in cash held	(148)	(148)
1.20	Cash at beginning of quarter/year to date	514	514
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	366	366

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	73
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors' fees, salary, superannuation, professional fees and consulting fees for the Quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Pryme Energy (ASX: PYM) issued 100,000,000 fully paid ordinary shares to Raya group on 1st July 2015 as part consideration for the sale of USA acreage and interest.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil such

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	5
4.2 Development	
4.3 Production	
4.4 Administration	190
Total	195

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	366	514
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	366	514

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed Kay County Oklahoma USA	2300 acres - oil and gas leases. Joint Venture subject to 7300 acres.	100% working interest and 81.25% Net revenue interest	Nil
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1				
7.2				
7.3	600,000,000	600,000,000	All fully paid	All fully paid
7.4				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	389,716,667 475,000 425,000 100,000 100,000	389,716,667	Strike Price of \$0.015 Strike Price of \$0.75 Strike Price of \$1.00 Strike Price of \$1.25 Strike Price of \$1.50	Expiry 21/07/16 Expiry 15/12/16 Expiry 15/12/16 Expiry 15/12/16 Expiry 15/12/16
7.8	Issued during quarter	15,000,000	15,000,000	Strike Price of \$0.015	Expiry 21/07/16
7.9	Exercised during quarter				
7.10	Expired during quarter	15,000,000	-	Strike Price of \$0.015	
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 30 October 2015

Print name: Julie Edwards

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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