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ABN 89 122 203 196

30 January 2015

Quarterly Activities Report

Highlights

- **Sokoria Geothermal Project HOA signed**
- **USA Oil and Gas Project agreement signed with Empire Energy**
- **Appointment of Mr Daniel Lanskey as Managing Director**
- **Annual General Meeting all resolutions passed in favour**
- **Placement completed to Sophisticated Investors**
- **R & D Tax Rebate received**

Sokoria Geothermal Project Heads of Agreement reached

As announced on 23 January, Raya and Bakrie Power have entered into a Heads of Agreement (“HoA”) with Space Con Pty Ltd (“SpaceCon”) for the sale and purchase of the Sokoria Geothermal Project.

Space Con and their partners are currently undertaking due diligence during January 2015 to finalise their intention under the agreement.

At the termination of the due diligence period the parties upon SpaceCon’s satisfaction will enter into a Sale and Purchase Agreement (“SPA”) for the Sokoria Geothermal Project whereby SpaceCon agrees to purchase 85% equity in Sokoria Geothermal Indonesia (“SGI”). SpaceCon will pay a deposit of USD \$250,000 into an agreed escrow account as per terms and conditions stipulated in HoA whilst all parties await PT PLN Persero (“PLN”) decision and acceptance of sponsor and shareholder amendment to the PPA.

Upon PLN’s approval SpaceCon will pay the following:

- USD \$2,000,000 (less deposit \$250,000) to current shareholders Raya and Bakrie for their current equity holdings in Sokoria Geothermal Indonesia (“SGI”). Raya will receive USD \$918,000 and retain a 6% free carry holding in the project.
- USD \$1,000,000 deposit into SGI Company account as project development and working capital.
- USD \$87,600 to PLN for Security Performance bank guarantee.

Raya will continue to provide further updates once the due diligence period concludes.

USA Oil and Gas Project - North Oklahoma

In early December 2014, the Company announced its intent to enter into a Joint Venture (“JV”) with Empire Energy Group (ASX:EEG) for the acquisition and development of acreage in Northern Oklahoma.

The JV agreement was signed on 29 January 2015 with Empire Energy as the Operator. To date, the companies have leased +7,000 net acres on very competitive terms. Under the JV agreement each company will contribute 50:50 towards a low cost vertical well program. The JV gives the Company the ability to consolidate a larger contiguous acreage position allowing for more efficient development through economies of scale and cost sharing.

Whilst there is no commitment to commence drilling in the near term, the companies are preparing an initial drilling program to commence during the first half of 2015.

Further updates will be made to the market over the coming months.

Managing Director Appointment

As per announcement on 14th January, Raya was pleased to advise on the appointment of Mr Daniel Lanskey to board. He has over 10 years’ experience in the energy industry and from 2006 until January 2014 was a Founder and Managing Director of Austex Oil Limited (AOK:ASX - OTCQX:ATXDY), which is now a successful US operating oil and gas production company.

At AOK, Mr Lanskey oversaw the Initial Public Listing on the Australian Securities Exchange and subsequent listing on the OTCQX and TSXV and was integral in all capital raising undertaken by the Company. Prior to the oil and gas industry he was involved in the Information Technology industry both in Australia, Asia and North America. He is also a Director of ASC Resources Pty Ltd, a substantial shareholder in Raya Group.

Placement completed

Raya advised to the market on 23rd December it had completed a placement of \$200,000 to sophisticated investors under Section 708A. ASC Resources as a significant shareholder in Raya continued its support by further subscribing for some of the shares.

The funds raised were for working capital and ongoing development costs.

Annual General Meeting held

On the 27th November an Annual General Meeting (“AGM”) was held to put forward the Company’s Financial Reports and consider a number of resolutions to shareholders.

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

Update on Current Projects

Indonesian Geothermal Projects

Raya and its JV partner Bakrie Power has entered into a Head of Agreement (“HoA”) with Space Con Pty Ltd for the Sokoria Geothermal Project. The agreement allows Space Con short period of time to conduct its final due diligence and ends 4th February before moving to a Sale and Purchase Agreement.

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

R & D Tax Rebate

Raya received its claim for the R and D Tax Rebate credit of \$196,000.

Appointment of Executive Director

Raya was pleased to announce its recent appointment of Mr Daniel Lanskey as Managing Director to the board. Raya looks forward to continuing to work with Mr Lanskey and his team at ASC Resources.

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.

Mining Tenements disposed of during the Quarter:

Nil

Finance and Administration

Cash Holdings

At the end of the quarter, the Company's cash position stood at approximately \$351,000.

Equity Holdings

The company maintains an equity investment in Tellus Resources (ASX:TLU) and currently holds 3,166,666 ordinary shares plus 833,333 options exercisable at 10c expiring on 31 December 2015.

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>	424,983,029
Listed Options	<u>ASX : RYGOB</u> Strike Price of \$0.015 Expiry 21 July 2016	307,800,000
Unlisted Options	Strike Price of \$0.015 Expiry 8 April 2016	15,000,000
Unlisted Options	Strike Prices from \$0.75 to \$1.50 Expiring 14/12/16	625,000

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 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 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	(16) (349)	(45) (636)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	3
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid		
1.7 Other (Rand D Rebate received)	197	197
Net Operating Cash Flows	(168)	(483)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(511) -	(690) (45)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(511)	(735)
1.13 Total operating and investing cash flows (carried forward)	(679)	(1,218)

+ 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)	(679)	(1218)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	700	950
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		26
1.17	Repayment of borrowings	(4)	(21)
1.18	Dividends paid		
1.19	Other (Share issue costs)	(12)	(14)
	Net financing cash flows	684	94 ¹
	Net increase (decrease) in cash held	5	(277)
1.20	Cash at beginning of quarter/year to date	346	628
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	35 ¹	35 ¹

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	58
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

Nil such

+ See chapter 19 for defined terms.

- 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	50
4.2 Development	
4.3 Production	
4.4 Administration	200
Total	250

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	35 ¹	34 ⁶
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	35¹	34⁶

+ 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			
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	Preference securities (description)			
7.2		Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions		
7.3	+Ordinary securities	424,983,029	424,983,029	All fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities (description)			

+ See chapter 19 for defined terms.

Appendix 5B


Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	307,800,000 15,000,000 475,000 150,000 100,000 100,000 275,000	307,800,000	Strike Price of \$0.015 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 Strike Price of \$1.00	Expiry 21/07/16 Expiry 08/04/16 Expiry 14/12/16 Expiry 14/12/16 Expiry 14/12/16 Expiry 14/12/16 Expiry 14/12/16
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

+ 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 /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 30 January 2015
(Company Secretary)

Print name: Julie Halsted

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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