

Notice of Extraordinary General Meeting



Raya Group Ltd ABN 89 122 203 196

Notice of Extraordinary General Meeting and Explanatory Memorandum

Date of Meeting: Tuesday 7 October 2014

Time of Meeting: 10 am Place of Meeting: Level 2, 11 Bank Place,
Melbourne, Victoria

Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting of shareholders of Raya Group Ltd ABN 89 122 196 (**Raya** or **Company**) will be held at Level 2, 11 Bank Place, Melbourne, Victoria on Tuesday 7 October 2014 at 10 am.

Agenda

Resolution 1 – Ratification of Placement Shares

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

*“That in accordance with the provisions of Listing Rule 7.4, and for all other purposes, Shareholders ratify the previous issue of 16,666,667 Shares at an issue price of \$0.015 per Share (**Placement Shares**) and 16,666,667 free attaching Options to subscribe for Shares (**Placement Options**) to those recipients set out in the Explanatory Memorandum accompanying this Notice of Meeting, in those proportions and otherwise on terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

NOTES:

The rights attaching to the Placement Shares are identical in all respects to the existing ordinary shares on issue in the Company.

The funds raised by the issue of the Placement Shares have and will continue to be used by the Company for existing business, working capital, review and development of new business opportunities.

The Placement Shares and Placement Options were issued to investors that fall within one or more of the classes of exemptions specified in section 708 of the *Corporations Act 2001* (Cth).

Further details of the Placement Shares and Placement Options are contained in the Explanatory Memorandum accompanying this Notice of Meeting.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- a person who participated in the issue; and
- an associate of a person who participated in the issue.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 2 – Ratification of Peloton Capital Shares

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

*“That in accordance with the provisions of Listing Rule 7.4, and for all other purposes, Shareholders ratify the previous issue of 2,500,000 Shares in consideration of services to be provided (**Peloton Placement Shares**) to Peloton Capital Pty Ltd (**Peloton**) and otherwise on terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

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NOTES:

The rights attaching to the Peloton Placement Shares are identical in all respects to the existing ordinary shares on issue in the Company.

No funds were raised by the issue of the Peloton Placement Shares, which were issued as consideration for services to be provided to the Company by Peloton.

The Peloton Placement Shares were issued to investors that fall within one or more of the classes of exemptions specified in section 708 of the *Corporations Act 2001* (Cth).

Further details of the Peloton Placement Shares are contained in the Explanatory Memorandum accompanying this Notice of Meeting.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Peloton; and
- an associate of Peloton.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 3 – Approval to Issue Shares to ASC Resources

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That for the purposes of Listing Rule 7.1, subject to the passing of Resolutions 4, 5, 6, 7, 8 and 9, and for all other purposes, approval is given for the issue of 33,333,333 fully paid Ordinary Shares at an issue price of \$0.015 per share and 33,333,333 free attaching Options in the Company to ASC Resources Pty Ltd on the terms and conditions set out in the Explanatory Memorandum”.

Resolution 4 – Approval to Issue the Initial Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That, subject to the passing of Resolutions 3, 5, 6, 7, 8 and 9, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the issue of 10,000,000 fully paid Ordinary Shares at an issue price of \$0.015 per share in the Company to ASC Resources Pty Ltd pursuant to the Consultancy Agreement (**Initial Shares**) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

Resolution 5 – Approval to Issue Milestone 1 Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

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*“That, subject to the passing of Resolutions 2, 3, 4, 6, 7, 8 and 9, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 15,000,000 fully paid ordinary Shares in the Company to ASC Resources Pty Ltd pursuant to the Consultancy Agreement (**Milestone 1 Shares**) on the terms and conditions set out in the Explanatory Memorandum”.*

Resolution 6 - Approval to Issue Milestone 2 Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That, subject to the passing of Resolutions 2, 3, 4, 5, 7, 8 and 9, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 12,500,000 fully paid ordinary Shares in the Company to ASC Resources Pty Ltd pursuant to the Consultancy Agreement (**Milestone 2 Shares**) on the terms and conditions set out in the Explanatory Memorandum”.*

Resolution 7 - Approval to Issue Milestone 3 Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That, subject to the passing of Resolutions 2, 3, 4, 5, 6, 8 and 9, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 7,500,000 fully paid ordinary Shares in the Company to ASC Resources Pty Ltd pursuant to the Consultancy Agreement (**Milestone 3 Shares**) on the terms and conditions set out in the Explanatory Memorandum”.*

Resolution 8 - Approval to Issue Milestone 4 Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That, subject to the passing of Resolutions 2, 3, 4, 5, 6, 7 and 9, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 20,000,000 fully paid ordinary Shares in the Company to ASC Resources Pty Ltd pursuant to the Consultancy Agreement (**Milestone 4 Shares**) on the terms and conditions set out in the Explanatory Memorandum”.*

Resolution 9 - Approval to Issue Milestone 5 Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That, subject to the passing of Resolutions 3, 4, 5, 6, 7 and 8, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 15,000,000 fully paid ordinary Shares in the Company to ASC Resources Pty Ltd pursuant to the Consultancy Agreement (**Milestone 5 Shares**) on the terms and conditions set out in the Explanatory Memorandum”.*

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VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolutions 3, 4, 5, 6, 7, 8 and 9 by:

- ASC Resources Pty Ltd; and
- any associate of ASC Resources Pty Ltd,

who:

- (a) may participate in the issue of Shares thereunder ; or
- (b) might obtain a benefit if these resolutions are passed, except a benefit solely in their capacity as a holder of Shares if the resolutions are passed.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 10 – Approval to Issue Peloton Milestone 1 Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That, subject to the passing of Resolutions 11, 12 and 13, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 5,000,000 fully paid ordinary Shares in the Company to Peloton Capital Pty Ltd pursuant to an Engagement Letter dated 23 May 2014 (**Peloton Milestone 1 Shares**) on the terms and conditions set out in the Explanatory Memorandum”.*

Resolution 11 - Approval to Issue Peloton Milestone 2 Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That, subject to the passing of Resolutions 10, 12 and 13, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 5,000,000 fully paid ordinary Shares in the Company to Peloton Capital Pty Ltd pursuant to an Engagement Letter dated 23 May 2014 (**Peloton Milestone 2 Shares**) on the terms and conditions set out in the Explanatory Memorandum”.*

Resolution 12 - Approval to Issue Peloton Milestone 3 Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That, subject to the passing of Resolutions 10, 11 and 13, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 5,000,000 fully paid ordinary Shares in the Company to Peloton Capital Pty Ltd pursuant to an

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*Engagement Letter dated 23 May 2014 (**Peloton Milestone 3 Shares**) on the terms and conditions set out in the Explanatory Memorandum”.*

Resolution 13 - Approval to Issue Peloton Milestone 4 Shares

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That, subject to the passing of Resolutions 10, 11 and 12, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 5,000,000 fully paid ordinary Shares in the Company to Peloton Capital Pty Ltd pursuant to an Engagement Letter dated 23 May 2014 (**Peloton Milestone 4 Shares**) on the terms and conditions set out in the Explanatory Memorandum”.*

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolutions 10,11,12 and 13 by:

- Peloton Capital Pty Ltd ; and
- any associate of Peloton Capital Pty Ltd ,

who:

- (a) may participate in the issue of the Shares thereunder ; or
- (b) might obtain a benefit if these resolutions are passed, except a benefit solely in their capacity as a holder of Shares if the resolutions are passed.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 14 - Authorise the issue of Shares

*“That in accordance with the provisions of Listing Rule 7.1 of the Official Listing Rules of the ASX, and for all other purposes, the Company and the Directors of the Company are authorised to issue of up to \$5,000,000 of fully paid ordinary shares (**“Further Placement Shares”**) at an issue price per Further Placement Share of not less than 80% of the weighted average trading price of the Company’s shares calculated over the last five (5) days on which sales in the securities of the Company were recorded before the day on which the share placement is made, to various sophisticated or professional investors (**“investors”**) that fall within one or more of the classes of exemptions specified in section 708 of the Corporation Act on the terms and conditions as contained in this Notice of Meeting and attached Explanatory Memorandum.”*

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NOTES:

- The Further Placement Shares will be issued to sophisticated or professional investors who fall within one or more of the classes of exemptions specified in section 708 of the Corporation Act;
- The Company intends to issue the Further Placement Shares as soon as practicable after the Meeting and in any event no later than three (3) months from the date of the Meeting.
- The rights attaching to the Further Placement Shares are identical in all respects to the existing ordinary shares on issue in the Company;
- The funds raised by the issue will be used by the Company in its existing business, review and development of new business opportunities and to provide working capital to the Company;
- The Further Placement Shares will not be issued to any related party of the Company (within the meaning of the ASX Listing Rules); and

Further details of the Placement Shares and Placement Options are contained in the Explanatory Memorandum accompanying this Notice of Meeting.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- a person who participates in the issue; and
- an associate of a person who participates in the issue.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the board

Julie Halstead
4 September 2014

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1. Introduction

This Explanatory Memorandum is provided to shareholders of **Raya Group Ltd** ABN 89 122 203 196 (**Company**) to explain the Resolutions to be put to Shareholders at the Extraordinary General Meeting to be held at Level 2, 11 Bank Place, Melbourne, Victoria on Tuesday 7 October [2014].

The directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

This Explanatory Memorandum is comprised of three separate parts.

- Part A provides a brief outline of the background surrounding the Company's engagement of ASC Resources Pty Ltd's services under the Consultancy Agreement.
- Part B provides a brief outline of the background surrounding the Company's engagement of Peloton Capital Pty Ltd's services under the Engagement Letter.
- Part C provides the specific details and comments as well as the legal and regulatory requirements, relating to each of the eight Resolutions. Part A and B are to be read in conjunction with each other, as well as the Notice of Meeting.

Terms used in this Explanatory Memorandum are defined in Part D.

2. Part A – Background Information

2.1 Introduction

The Company has reached agreement with the board of ASC Resources Pty Ltd (**ASC Resources**) with a view to enlisting its services in providing management and executive services in the Company's endeavour to expand its current range of exploration activities to include identifying and acquiring old and gas exploration interests within Australia, USA and elsewhere under the Consultancy Agreement.

ASC Resources is not a related party to the Company.

Further to this, the Company has entered into a Share Subscription Agreement on 22 July 2014 with ASC Resources for 33,333,333 fully paid Ordinary Shares at an issue price of \$0.015 per share and 33,333,333 free attaching Options.

The Company is of the view that the engagement of ASC Resources for the above agenda does not result in a significant change in the scale of the Company's operations.

Upon Shareholder approval to proceed with the ratification of Placement Shares issued under Resolution 1 in accordance with ASX Listing Rule 7.4, Resolution 3 seeks Shareholder approval to allow the Company to issue Ordinary Shares to ASC Resources under the Share Subscription Agreement. Subsequently, Resolutions 4 – 9 seeks Shareholder approval to issue Ordinary Shares upon attainment of various milestones under the Consultancy Agreement under ASX Listing Rules 7.1.

2.2 Milestones

The Consultancy Agreement is structured so that if the five (5) Milestones are achieved by the required Milestone Date, the Consultant may acquire up to a maximum of 70,000,000 further Shares.

The maximum holding that the Consultant can obtain in the Company upon the issue of all Milestone Shares, and assuming no other Shares are issued in the meantime by the Company, would be 24.86%. This figure is in the instance where all Milestones are satisfied by the Milestone Dates, and takes into

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account Shares issued under the Share Subscription Agreement addressed in Resolution 3, and Shares issued under Resolutions 4-9 inclusive.

The Milestone Shares are to be issued in five tranches within 10 business days of achieving of each of the Milestones are per the below table.

Milestone No	Milestone	No of Milestone Shares	Milestone Date
1.	The Company acquires a 100% working interest in not less than 2,560 net acres of Oil and Gas Tenements in which the Company has not less than a 80% Net Revenue Interest or if the Company executes a binding Farm-In Agreement whereby the Company has the opportunity to Farm-In to a project with no less than 6,000 net acres and a Net Revenue Interest of at least 50% ("Farm-In Project") and the Company being in a position to fully fund any acquisition and working capital funding required for the Farm-In Project	15,000,000	31 st December 2014
2.	The Company reports the production of the first 10 barrels of oil equivalent from any of its Oil and Gas Tenements.	12,500,000	30 th June 2015
3.	The Company reports production of not less than 200 BOEPD for a 30 day period from any of its Oil and Gas Tenements.	7,500,000	31 st March 2016
4.	The Company reports having achieved a production target of not less than 500 BOEPD for a 30 day period from any of its Oil and Gas Tenements.	20,000,000	30 th June 2016
5.	The Company reporting that it has achieved a production target of not less than 500 BOEPD from not less than 10 proven production locations within its Oil and Gas Tenements which are adjacent to a proven undeveloped well.	15,000,000	30 th September 2016
Total Milestone Shares		70,000,000	

3. Part B – Background Information on Peloton Capital

3.1 Introduction

The Company has reached agreement with the Peloton Capital Pty with a view to Peloton providing certain capital raising, corporate advisory and investor relations services to Raya under an Engagement Letter dated 23 May 2014 (**Engagement Letter**).

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Whilst Geoff Barnes is a director of both the Company and Peloton, the Company does not consider that Peloton is a related party to the Company, noting that Mr Barnes is one of a number of directors of Peloton and one of a number of shareholders of Peloton, with a holding of 25% in Peloton. Raya has issued Peloton with 2,500,000 Shares on 18 August 2014. Upon Shareholder approval to proceed with the ratification of the Peloton Placement Shares issued under Resolution 2 in accordance with ASX Listing Rule 7.4, Resolutions 10-13 inclusive seek Shareholder approval to issue Ordinary Shares upon attainment of various milestones under the Engagement Letter under ASX Listing Rules 7.1.

3.2 Peloton Milestones

The Engagement Letter is structured so that if the four (4) Peloton Milestones are achieved by the required Milestone Date, Peloton may acquire up to a maximum of 20,000,000 further Shares.

The maximum holding that Peloton can obtain in the Company upon the issue of all Peloton Milestone Shares, and assuming no other Shares are issued in the meantime by the Company, would be 6.16%. This figure is in the instance where all Peloton Milestones are satisfied by the Peloton Milestone Dates, and takes into account the Peloton Placement Shares issued under the Engagement Letter addressed in Resolutions 10-13 inclusive.

The Peloton Milestone Shares are to be issued in four tranches within 10 business days of achievement of the Peloton Milestones are per the below table.

Milestone No	Milestone	No of Milestone Shares	Milestone Date
1	The Company acquires a 100% working interest in not less than 2,560 net acres of Oil and Gas Tenements in which the Company has not less than a 80% Net Revenue Interest.	5,000,000	31 December 2014
2	The Company reports production of not less than 200 BOEPD for a 30 day period from any of its Oil and Gas Tenements.	5,000,000	31 March 2016
3	The Company raising not less than \$3,000,000.	5,000,000	28 February 2015
4	The Company achieving a market capitalisation on ASX of not less than \$30,000,000.	5,000,000	31 March 2016
Total Milestone Shares		20,000,000	

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4. Part C – Resolutions and Regulatory Requirements

4.1 Resolution 1 – Ratification of Placement Shares and Placement Options

(a) Background

Resolution 1 seeks Shareholder approval to ratify the previous issue of 16,666,667 Placement Shares and 16,666,667 Placement Options to those investors identified below (**Placement Recipients**), each being an investor that falls within one of more of the classes of exemptions specified in section 708 of the Corporations Act.

(b) Listing Rule 7.4

As noted above, in accordance with ASX Listing Rule 7.4, the Company is seeking Shareholder approval to ratify the previous issues of the Placement Shares and Placement Options, being an issue of securities made by the Company during the previous 12 months for which Shareholder approval has not already been obtained.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders.

The Company seeks approval to ratify the previous issues of the Placement Shares in accordance with Listing Rule 7.4 in order to refresh the Company's ability to issue up to 15% of its share capital (in a 12 month period) under Listing Rule 7.1.

Under Listing Rule 7.4, an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval if the issue:

- (1) did not breach Listing Rule 7.1 (i.e. this issue did not exceed the 15% limit under Listing Rule 7.1); and
- (2) holders of ordinary securities subsequently approve the issue.

(c) Terms of the Previous Issue of Shares and Options

For the purposes of Listing Rule 7.5 the Company advises as follows:

- 16,666,667 Placement Shares were issued on 30 July 2014 and 16,666,667 Placement Options were issued on 5 August 2014.
- The Placement Shares were issued to the Placement Recipients at a price of \$0.015 per Share, with the free attaching Placement Options being issued free of consideration.
- The Placement Shares rank pari passu with the existing Shares on issue, are not subject to escrow restrictions and are subject to the rights and obligations set out in the Company's Constitution.
- The Placement Options are exercisable at \$0.015 per Share each on or before 21 July 2016 and otherwise have the same terms and conditions as the existing Listed Options on issue.
- The Placement Recipients were clients of Peloton Capital Pty Ltd.
- None of the Placement Recipients are related parties of the Company.
- The Placement Shares represent a total of 8.87 % of the Company's current issued share capital.

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- Funds generated from the Placement will be used for existing business, working capital, review and development of new business opportunities.
- A Voting Exclusion Statement in relation to this Resolution 1 is set out above.

4.2 Resolution 2 – Ratification of Peloton Placement Shares

(a) Background

Resolution 2 seeks Shareholder approval to ratify the previous issue of 2,500,000 Shares (**Peloton Placement Shares**) to Peloton.

(b) Listing Rule 7.4

As noted above, in accordance with ASX Listing Rule 7.4, the Company is seeking Shareholder approval to ratify the previous issues of the Placement Shares, being an issue of securities made by the Company during the previous 12 months for which Shareholder approval has not already been obtained.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders.

The Company seeks approval to ratify the previous issues of the Peloton Placement Shares in accordance with Listing Rule 7.4 in order to refresh the Company's ability to issue up to 15% of its share capital (in a 12 month period) under Listing Rule 7.1.

Under Listing Rule 7.4, an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval if the issue:

- (1) did not breach Listing Rule 7.1 (i.e. this issue did not exceed the 15% limit under Listing Rule 7.1); and
- (2) holders of ordinary securities subsequently approve the issue.

(c) Terms of the Previous Issue of Shares

For the purposes of Listing Rule 7.5 the Company advises as follows:

- The Peloton Placement Shares were issued on 18 August 2014.
- The Peloton Placement Shares were issued to Peloton in consideration of services to be rendered by Peloton to the Company.
- The Peloton Placement Shares rank *pari passu* with the existing Shares on issue, are not subject to escrow restrictions and are subject to the rights and obligations set out in the Company's Constitution.
- Peloton is not a related party of the Company.
- The Peloton Placement Shares represent a total of 0.72 % of the Company's current issued share capital.
- No funds were raised from the Peloton Placement.
- A Voting Exclusion Statement in relation to this Resolution 2 is set out above.

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4.3 Resolution 3 – Approval to Issue Shares and Options to ASC Resources

Resolution 2 seeks Shareholder approval for the issue of 33,333,333 Shares to ASC Resources, pursuant to the Share Subscription Agreement dated 22 July 2014 at \$0.015 per Share and 33,333,333 free attaching options. **(ASC Options)**.

Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without the approval of shareholders.

Listing Rule 7.3 outlines the matters which must be included in a notice of meeting convened to seek Shareholder approval under Listing Rule 7.1. For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 2:

- (a) The maximum number of securities to be issued by the Company is 33,333,333 Shares and 33,333,333 ASC Options.
- (b) The issue price is \$0.015 per share with the ASC Options being issued free of consideration.
- (c) The Shares and ASC Options will be issued to ASC Resources as soon as practicable after the meeting and in any event no more than 3 months after the date of this meeting.
- (d) The Shares have the same rights as all ordinary shares on issue in the Company. The Shares being issued will be fully paid ordinary shares of the Company that rank equally with the Company's current issued Shares.
- (e) The ASC Options are exercisable at \$0.015 per Share each on or before 21 July 2016 and otherwise have the same terms and conditions as the existing Listed Options on issue.
- (f) Funds generated from the issue of these Shares will be used for existing business, working capital, review and development of new business opportunities.

ASC Resources currently holds 0 Shares in the Company. Should Resolution 3 be approved, ASC Resources will hold 33,333,333 in the Company, representing 8.87% of the Company. If ASC Resources also meets all Milestones the subject of Resolutions 4-9 inclusive by the Milestone Dates and Resolution 3 is approved, ASC Resources' would hold a total number of 113,333,333 Shares or 24.86% of the Company.

A Voting Exclusion Statement in relation to this Resolution 3 is set out above, after all ASC Resources related resolution proposals.

4.4 Resolution 4 – Approval to Issue the Initial Shares

Resolution 3 seeks Shareholder approval for the issue of 10,000,000 Shares to ASC Resources under the Consultancy Agreement.

ASC Resources is contracted by the Company to provide management and executive services to aid the Company in its endeavour to expand its current range of exploration activities to include identifying and acquiring oil and gas exploration interests within Australia, USA and elsewhere.

Under clause 2.6 of the Consultancy Agreement, the Company is obligated to issue 10,000,000 shares to ASC Resources at the Commencement Date.

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Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without the approval of shareholders.

Listing Rule 7.3 outlines the matters which must be included in a notice of meeting convened to seek Shareholder approval under Listing Rule 7.1. For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 3:

- (a) The maximum number of securities to be issued by the Company is 10,000,000.
- (b) The Shares will be issued to ASC Resources as soon as practicable after the meeting and in any event no more than 3 months after the date of this meeting.
- (c) The issue price is in consideration of the services to be rendered by ASC Resources.
- (d) The Shares have the same rights as all ordinary shares on issue in the Company. The Shares being issued will be fully paid ordinary shares of the Company that rank equally with the Company's current issued Shares.
- (e) No funds are being generated from the issue of these Shares.

ASC Resources currently holds 0 Shares in the Company. Should Resolution 4 be approved, ASC Resources will hold 10,000,000 Shares in the Company, representing 11.23% of the Company. Where all Milestones are satisfied by the Milestone Dates, and Resolution 4 is approved, ASC Resources' would hold a total number of 113,333,333 Shares or 23.69% of the Company.

A Voting Exclusion Statement in relation to this Resolution 4 is set out above, after all ASC Resources related resolution proposals.

4.5 Resolutions 5 –9 – Approval to Issue the Milestone Shares

Resolutions 5, 6, 7, 8 and 9 seek Shareholder approval for the issue of Shares to ASC Resources under Listing Rule 7.1. They are conditional upon Resolutions 2, 3 and 4 being approved, as well as conditional upon each other gaining approval. The number of Shares issued is dependent upon the achievement of the various Milestones, the total maximum number of which amount to 70,000,000.

The Shares being issued will be fully paid ordinary shares of the Company that rank equally with the Company's current issued Shares.

Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without the approval of shareholders.

Listing Rule 7.3 sets out the matters which must be included in a notice of meeting convened to seek Shareholder approval under Listing Rule 7.1. For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolutions 5, 6, 7, 8 and 9:

- (a) The maximum number of securities to be issued by the Company to ASC Resources is:
 - (1) Under Resolution 5 – 15,000,000 Shares;
 - (2) Under Resolution 6 – 12,500,000 Shares;
 - (3) Under Resolution 7 – 7,500,000 Shares;
 - (4) Under Resolution 8 – 20,000,000 Shares;
 - (5) Under Resolution 9 – 15,000,000 Shares.

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This makes a total of 70,000,000 Shares.

- (b) The Milestone Shares issues under Resolutions 5, 6, 7, 8 and 9 will be issued in five tranches upon satisfaction (or deemed satisfaction) of Milestones 1, 2, 3, 4, and 5 as shown in the table at paragraph 2.2 above, on Milestone Dates also identified in this table.
- (c) It is likely that the Shares will be issued more than 3 months after the date of this Meeting, which is contrary to the requirements of Listing Rule 7.3.2. The Company has been granted a waiver by ASX to allow this Notice to state that the Milestone 1 Shares, Milestone 2 Shares, Milestone 3 Shares, Milestone 4 Shares and Milestone 5 Shares may be issued more than 3 months after the date of this meeting.
- (d) The Shares will be issued in consideration of the services to be rendered by ASC Resources.
- (e) The Shares being issued will be fully paid ordinary shares of the Company that rank equally with the Company's current issued Shares.
- (f) No funds will be generated from the issue of these Shares.

ASC Resources ability to be issued all of the Milestone Shares will be subject to, amongst other things, compliance with all applicable laws at the time of issue in the future.

Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in issued voting shares in a listed company if the acquisition would result in that person's voting power in the company increasing:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%.

However, there are certain specified exceptions to the takeover prohibition contained in the Corporations Act. One of these exceptions is obtainment of approval under section 611 (Item 7) of the Corporations Act. The Company is not seeking approval at this time pursuant to section 611 (Item 7) of the Corporations Act, having regard to the fact that;

- approval for the issue of the Further Placement Shares is being sought under Resolution 14 and the issue of some or all of the Further Placement Shares will dilute any shareholding of ASC Resources in the Company ; and
- ASC Resources has until 30 September 2016 to achieve the last of the Milestones and be entitled to be issued the last of the Milestone Shares, at which time its maximum shareholding in the Company may be less than 20% of the Company,

A Voting Exclusion Statement in relation to these Resolutions 5, 6, 7, 8 and 9 is set out above, after all ASC Resources related resolution proposals.

4.6 Resolutions 10 –13 – Approval to Issue the Peloton Milestone Shares

Resolutions 10-13 inclusive seek Shareholder approval for the issue of Shares to Peloton under Listing Rule 7.1. They are conditional upon each other gaining approval. The number of Shares issued is dependent upon the achievement of the various Peloton Milestones, the total maximum number of which amount to 20,000,000.

The Shares being issued will be fully paid ordinary shares of the Company that rank equally with the Company's current issued Shares.

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Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without the approval of shareholders.

Listing Rule 7.3 sets out the matters which must be included in a notice of meeting convened to seek Shareholder approval under Listing Rule 7.1. For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolutions 10-13 inclusive:

- (a) The maximum number of securities to be issued by the Company to ASC Resources is:

- (1) Under Resolution 10 – 5,000,000 Shares;
- (2) Under Resolution 11– 5,000,000 Shares;
- (3) Under Resolution 12– 5,000,000 Shares;
- (4) Under Resolution 13– 5,000,000 Shares.

This makes a total of 20,000,000 Shares.

- (b) The Peloton Milestone Shares issues under Resolutions 10.11.12 and 13 will be issued in four tranches upon satisfaction (or deemed satisfaction) of Peloton Milestones 1, 2, 3, and 4, as shown in the table at paragraph 3.2 above, on Peloton Milestone Dates also identified in this table.
- (c) It is likely that the Shares will be issued more than 3 months after the date of this Meeting, which is contrary to the requirements of Listing Rule 7.3.2. The Company has been granted a waiver by ASX to allow this Notice to state that the Peloton Milestone 1 Shares, Peloton Milestone 2 Shares, Peloton Milestone 3 Shares and Peloton Milestone 4 Shares may be issued more than 3 months after the date of this meeting.
- (d) The Shares will be issued in consideration of the services to be rendered by Peloton.
- (e) The Shares being issued will be fully paid ordinary shares of the Company that rank equally with the Company's current issued Shares.
- (f) No funds will be generated from the issue of these Shares.

A Voting Exclusion Statement in relation to these Resolutions 10.11.12 and 13 is set out above, after all Peloton related resolution proposals.

4.7 Total Share Capital

The below table is an indication of the current issued share capital of the Company, together with the potential effect that the issue of the proposed shares to ASC and Peloton will have, assuming that each milestone is achieved, no existing options in the Company are exercised in this time and no additional Raya Shares are issued:

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Indicative Capital Structure of Raya Group Ltd - Combined ¹												
	Current capital ²		Acquisition									
	Ordinary Shares	%	ASC Subscription		Peloton Placement		ASC Initial Payment		ASC Milestone		Peloton Milestone	
			Shares	%	Shares	%	Shares	%	Shares (total) ³	%	Shares (total) ⁴⁵	%
Existing shareholders*	342,483,029	100	342,483,029	91.13	342,483,029	90.53	342,483,029	88.20	342,483,029	74.73	342,483,029	71.60
ASC	0	0	33,333,333	8.87	33,333,333	8.81	43,333,333	11.16	113,333,333	24.73	113,333,333	23.69
Peloton	0	0	0	0	2,500,000	0.66	2,500,000	0.64	2,500,000	0.55	22,500,000	4.70
Total	342,483,029	100	375,816,362	100	378,316,362	100	388,316,362	100	458,316,362	100	478,316,362	100

¹ This assumes that no other Shares are issued other than the Shares to ASC and Peloton as contemplated by the Consultancy Agreement, being the Initial Payment Shares and ASC Milestone Shares, the Shares contemplated by the Share Subscription Agreement, and the Shares contemplated by the Engagement Letter respectively. This also excludes any Shares which may or may not be issued on the exercise of existing options, the Placement Options and the ASC Options.

² This reflects the Company's total issued capital as per its latest Appendix 3B, dated 22 July 2014. This figure does not take into consideration any resolutions which will be contemplated at the EGM, including the ratification of any Shares which have already been issued as at the date of this Waiver Application.

³ This assumes that all ASC Milestones Shares are issued and as such all milestones contemplated by the Share Subscription Agreement are met.

⁴ This assumes that all Peloton Milestone Shares are issued and as such all milestones contemplated by the Engagement Letter are met.

⁵ This assumes that none of the Further Placement Shares are issued pursuant to Resolution 14.

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4.8 Resolution 14 - Explanatory memorandum – authorise the issue of further Shares to raise up to \$5,000,000

Resolution 14 seeks shareholder authorisation to issue of new ordinary shares ("**Further Placement Shares**") to raise a maximum of \$5,000,000 at an issue price per Placement Share of not less than 80% of the weighted average trading price of the Company's shares calculated over the last five (5) days on which sales in the securities of the Company were recorded before the day on which the share placement is made to one or more sophisticated or professional investors that fall within one or more of the classes of exemptions specified in section 708 of the *Corporation Act 2001*.

The funds raised by the issue of the Further Placement Shares will be used by the Company in its existing business,, review and development of new business opportunities and to provide working capital to the Company;

5. Part D – Interpretation

In this Memorandum:

ASX means the ASX Limited ABN 98 008 624 691.

Board means the board of directors of the Company.

Company means Raya Group Ltd ABN 89 122 203 196.

Consultancy Agreement means the agreement between ASC Resources Pty Ltd and Raya Group Ltd executed on 22 July 2014 pertaining to the provision of Consultancy Services.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the directors of the Company as change from time to time.

Engagement Letter means the agreement between Peloton and Raya Group Ltd executed on [insert date] 2014 pertaining to the provision of various services.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting.

Initial Shares means the 10,000,000 Shares to be issued to ASC Resources Pty Ltd under the Consultancy Agreement.

Listed Options means the 274,466,667 Options the Company has on issue and quoted on ASX.

Listing Rules means the official listing rules of the ASX as amended from time to time.

Meeting means the Extraordinary General Meeting to be held on Tuesday 7 October to discuss the proposed Resolutions in this Notice of Extraordinary Meeting.

Milestones means each of the five Milestones set forth in paragraph 2.2 and references to Milestone shall have a corresponding meaning.

Milestone Completion Dates means each of the five dates for completion of the Milestones set forth in paragraph 2.2 and references to Milestone Completion Date shall have a corresponding meaning.

Milestone Shares means each of the Shares set forth in paragraph 2.2 upon satisfaction of the relevant Milestone.

Milestone 1 Shares means the Shares to be issued upon achievement of Milestone 1 as per the table in 2.2 of this Explanatory Memorandum.

Notice of Extraordinary General Meeting

Milestone 2 Shares means the Shares to be issued upon achievement of Milestone 2 as per the table in 2.2 of this Explanatory Memorandum.

Milestone 3 Shares means the Shares to be issued upon achievement of Milestone 3 as per the table in 2.2 of this Explanatory Memorandum.

Milestone 4 Shares means the Shares to be issued upon achievement of Milestone 4 as per the table in 2.2 of this Explanatory Memorandum.

Milestone 5 Shares means the Shares to be issued upon achievement of Milestone 5 as per the table in 2.2 of this Explanatory Memorandum.

Notice of Meeting or Notice means the notice of meeting convening the Meeting and the Explanatory Memorandum.

Ordinary Resolution means a Resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

Peloton means Peloton Capital Pty Ltd.

Peloton Milestones means each of the five Milestones set forth in paragraph 3.2 and references to Milestone shall have a corresponding meaning.

Peloton Milestone Completion Dates means each of the five dates for completion of the Milestones set forth in paragraph 3.2 and references to Milestone Completion Date shall have a corresponding meaning.

Peloton Milestone Shares means each of the Shares set forth in paragraph 3.2 upon satisfaction of the relevant Milestone.

Peloton Milestone 1 Shares means the Shares to be issued upon achievement of Milestone 1 as per the table in 3.2 of this Explanatory Memorandum.

Peloton Milestone 2 Shares means the Shares to be issued upon achievement of Milestone 2 as per the table in 3.2 of this Explanatory Memorandum.

Peloton Milestone 3 Shares means the Shares to be issued upon achievement of Milestone 3 as per the table in 3.2 of this Explanatory Memorandum.

Peloton Milestone 4 Shares means the Shares to be issued upon achievement of Milestone 4 as per the table in 3.2 of this Explanatory Memorandum.

Placement the placement of 16,666.666 Shares at an issue price of \$0.015 per Share made on [insert date] 2014.

Placement Recipients means those people in receipt of the Placement Shares issued on [date].

Shareholder means a holder of Shares in the Company.

Shares means fully paid ordinary shares in the Company.

Share Subscription Agreement means the agreement between ASC Resources Pty Ltd and Raya Group Ltd executed on 22 July 2014 pertaining to the issue of 33,333,333 Shares to ASC Resources Ltd.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Julie Halstead (Company Secretary):

Level 6, 412 Collins St Melbourne VIC 3000

Telephone No: 03 9642 0655

Facsimile No: 03 9642 5177

Notice of Extraordinary General Meeting

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the *Corporations Act 2001* (Cth).

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below,**

Raya Group Ltd ABN 89 122 203 196
Level 6, 412 Collins St Melbourne VIC 3000
Telephone No: 03 9642 0655
Facsimile No: 03 9642 5177

or by post to:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

By facsimile to: (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555

not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this Notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm 5 October. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

- | | |
|--------------------|---|
| Individual: | Where the holding is in one name, the holder must sign. |
| Joint Holding: | Where the holding is in more than one name, all of the security holders should sign. |
| Power of Attorney: | To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it. |
| Companies: | Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the <i>Corporations Act 2001</i>) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary |