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Initial independent Reserve Report completed on Newkirk Project Kay County, Oklahoma

-  206 Probable vertical well locations on +7,000 acre Mississippi Lime Project
-  2P Probable Undeveloped reserves of 5.3 million boe attributable to RYG
-  JOA with Empire Energy Group - 50% WI to RYG – NPV 10 - \$US27 million

Raya Group Limited (ASX:RYG) is pleased to advise the following summary of an Independent Reserve Report prepared on the NewKirk Project which covers +7,000 acres in Kay County, Oklahoma. RYG has entered into a Joint Operating Agreement with Empire Energy Group (ASX:EEG) to undertake a vertical well development program targeting the Mississippi Lime and other known oil and gas formations in the area. The independent reserves estimate was compiled by Pinnacle Energy Services LLC who are based in Oklahoma City, USA.

Chairman's Commentary

Executive Chairman of Raya Group, Mr Athan Lekkas, commented, "Having recently visited Oklahoma and reviewed the project area and ongoing oil and gas development activity in Kay County I am excited about the future potential of our JOA with Empire Energy. As there is current oil and gas production on surrounding leases the initial reserve report has estimated 206 Probable Undeveloped vertical well locations within the current oil and gas leases held by the JOA parties being Empire Energy and Raya Group. The recent weakness in the commodity pricing has allowed us to enter into this project and JOA under very competitive terms. The report attributes 50% of the total probable undeveloped reserves to RYG which represents a NPV to Raya of \$US27million at the current oil and gas prices. We look forward to updating the market over the coming months as we are planning to drill 2 initial vertical wells on the project during the first half of 2015".

NEWKIRK PROJECT RESERVES AND NET PRESENT VALUE ATTRIBUTED TO RYG

as at 1 January 2015

Reserve Category	# Wells	Gross Reserves Oil (Mbbbl)	Gross Reserves Gas (MMcf)	Net Reserve Oil (Mbbbl)	Net Reserves gas (MMcf)	Net Reserves Boe (6:1)	Net Cap M\$	Net Cashflow M\$	Net Present Value Disc 10%
Probable Undeveloped	206	6,407	41,138	2,574	16,500	5,324	54,075	118,184	30,847
Prob SWD	16	0	0	0	0	0	6,000	-6,000	-3,877
Grand Total	222	6,407	41,138	2,574	16,500	5,324	60,075	112,184	26,970

Methodology and Assumptions

Information used in the report was provided by Empire Energy Group Limited and supplemented by data gathered from public sources. The evaluation was performed using SEC reserve standards and the NYMEX strip pricing as of 1 January 2015. The report includes 206 Probable Undeveloped locations based on a vertical well development program.

Pricing

The NYMEX pricing for 1 January 2015 was used for the report. The pricing used is highlighted in the table below:-

NYMEX Gas – January 1, 2015 Strip

	Oil	Gas
2015	\$ 56.26	\$ 3.03
2016	\$ 62.63	\$ 3.46
2017	\$ 66.55	\$ 3.76
2018	\$ 68.50	\$ 3.96
2019	\$ 69.75	\$ 4.12
2020	\$ 70.58	\$ 4.25
2021	\$ 71.28	\$ 4.37
2022	\$ 71.57	\$ 4.49
2023	\$ 71.62	\$ 4.61
2024	\$ 71.62	\$ 4.69
2025	\$ 71.62	\$ 4.76
2026	\$ 71.62	\$ 4.87
2027+	\$ 71.62	\$ 5.02

Operating and Capital Expenses, Taxes

Due to all the locations being undeveloped, estimates of \$1000 per month fixed operating expenses per well and \$1.00 per barrel of oil produced and \$0.10 per barrel of water produced was used for the undeveloped wells. Expenses are intended to include fixed well operating costs, overhead, and miscellaneous producing costs, and the expenses were held flat for the life of the wells. Future abandonment costs were assumed to be offset by salvage values from equipment.

Capital expenditures for future development drilling were provided by Empire for all wells. For undeveloped locations \$US525,000 drilling and completion costs were used. For the Salt Water Disposal wells \$US750,000 were used.

Development timing provided by Empire was drilling 1 well in both March and April 2015, then 1 well per month from July to October 2015. Thereafter empire plans to drill two wells a month until all wells are drilled.

Current Oklahoma Ad Valorem and Severance tax rates were used in the evaluation.

Competent Persons Statement

The information contained within this announcement relating to oil and gas reserve estimates has been certified by J P Dick, a petroleum engineer employed by Pinnacle Energy Services LLC of Oklahoma City in the United States of America. Mr Dick holds a Bachelor's degree in Petroleum Engineering from the University of Tulsa and a Registered Professional engineer in the State of Oklahoma and Texas. He provides reserve and economic valuations and other services to numerous clients concerning oil and gas activities. Pinnacle Energy Services was founded in 1998,

This report is based on and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Dick.

BY ORDER OF THE BOARD

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